

Boeing wins orders for 50 wide-bodied aircraft

BY JOHN WYLES

NEW YORK, Nov. 15.

BOEING COMPANY was today celebrating the best influx of orders of any day in its history, after two U.S. airlines announced they would buy 50 of Boeing's new 767 aircraft, at a cost of \$1.9bn.

The order, 30 from American Airlines and 20 from Delta Airlines, mean that Boeing's new 767 wide-bodied twin-engine design has an excellent future. United Airlines, the largest U.S. carrier, provided the first orders for 30 aircraft in July, and today's contracts mean that substantial numbers of 767s should start moving off the Seattle production lines in 1982.

But there was a slight twinge of disappointment at Boeing, the world's largest commercial aircraft manufacturer, that American Airlines had not provided the first order for the three-engine wide-bodied design, the 777. American had been studying the aircraft closely, and there had been speculation in the airline industry that it would buy several 777s.

Boeing is developing three new types of aircraft for the 1980s and beyond. They are designed to meet new U.S. noise requirements and to provide greater fuel efficiency than the present generation. First orders for the narrow-bodied 737, the third member of the new family, came in September from Eastern Air-

lines and British Airways, which have made preliminary undertakings to buy a total of 40. Apart from its size, the other notable feature of today's orders is that they will all be equipped with General Electric's new GE6F-80 engines. This gives GE an important edge over Pratt and Whitney, whose engines will be installed on the 767s ordered by United.

Delivery of the new aircraft

Prime rate of 11% spreads

BY STEWART FLEMING

NEW YORK, Nov. 15.

A PRIME RATE of 11 per cent began to spread through the U.S. banking system today with announcements that two large New York banks, Chemical and Marine Midland, are following the lead of First National Bank of Chicago which raised its prime rate from 10 1/2 per cent on Monday.

The announcement was accompanied by renewed signs of upward pressure on short-term interest rates in the money markets which could already be building the base for an 11 1/2 per cent prime rate before the end of the year.

Thus, in the commercial paper market, General Motors Acceptance Corporation raised the rate of interest it is prepared to pay

for 30-day money from 10 1/2 per cent to 10 3/4 per cent. A week ago 30-day paper was yielding around 9 1/2 per cent.

Separately the fifth largest New York Bank, Morgan Guaranty, yesterday issued six-month certificates of deposit at 11 1/2 per cent.

The demand for funds of this maturity is generally attributed to two factors. One is the need to replace borrowed money which is maturing and the other is the desire to secure funds in anticipation of further rate increases. The net result, however, is that the overall cost of funds to commercial banks is increasing and putting pressure on their lending rates.

With the apparent collapse of the Iran oilfield strike, and the resumption of Iranian supplies at near their normal level, Administration officials hope that supply and demand for oil may lead to OPEC moderation on prices.

Mr. Blumenthal, who is to see President Carter later today, will also undoubtedly convey to the Shah some of the Administration's broader political concerns about developments in Iran.

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The Treasury Secretary is also likely to point out OPEC's self-

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Austerity warnings by Carter aides

By Jurek Martin

WASHINGTON, Nov. 15.

SENIOR MEMBERS of the Carter Administration are engaged in an earnest public relations campaign to convince the public that the President means what he says about fiscal austerity in the months ahead.

Two senior White House aides, Mr. Hamilton Jordan, the political adviser, and Mr. Stuart Eizenstat, who is responsible for domestic affairs, both said yesterday that major spending on socially desirable projects would have to be delayed as part of the anti-inflation battle if the President's goal of reducing the budget deficit to under \$30bn by the next fiscal year was to be met.

If the Administration adheres to its promise to NATO and to increase defence outlays by 3 per cent next year, social services will have to be cut sharply. Cabinet departments have already been ordered to find about \$15bn in savings on existing programmes, while it now seems clear that cherished proposals to reform the welfare system and to introduce a national health insurance scheme will be delayed.

Mr. Jordan acknowledged that such actions would produce "screams of protest" from both sides of the aisle, but he said that the President's goal of reducing the budget deficit to under \$30bn by the next fiscal year was to be met.

However, in the clear unanimity of approach on the budget question, the Administration is still tending to speak with more than one voice on other aspects of its war on inflation.

The most evident on the evening question of whether or not scheduled steep increases in social security taxes, due to take effect in January, should be postponed or reduced. The arguments in favour of such action are obvious. It would help to hold down production costs and thereby limit price increases. It would not excessively burden the general public with higher taxes at a time when disposable income is being pressed by inflation.

On the other hand, Mr. Eizenstat argued yesterday, delaying social security tax increases would make it that much more difficult to reduce the budget deficit. Moreover, it is also argued, the tax cuts contained in the latest piece of congressional legislation do nothing to the public to a degree from the impact of higher social security levies.

At his press conference last week, Mr. Carter said he had no present plans to ask to delay or reduce the scheduled increases. Two key Congressmen, Senators Russell Long of the Finance Committee, and Mr. Al Ullman, Chairman of Ways and Means in the House of Representatives, both said with the President on this, though for somewhat different reasons.

However, Mr. William Miller, the chairman of the Fed, has suggested that some move on social security might be appropriate. Equally, Mr. Alfred Kahn, the new anti-inflation adviser, has said on a number of occasions that if he had been involved in the planning of the anti-inflation package (which he was not), he too, would probably have focussed more on the issue.

Mr. Eizenstat sought to find a middle ground by saying that in spite of the President's statements, there was at least a slim chance of asking Congress to take action. One way of doing so would be to request Mr. Carter's original proposals to restore financial health and to restore social security trust funds, and to dip into general treasury revenues on a continuing basis.

Uncertainty also surrounds another part of the President's anti-inflation package—the so-called real wage insurance plan—which is due to be presented to Congress next year. This would pay a bonus to workers whose real wages were within the 7 per cent guidelines if the rate of inflation exceeded 7 per cent.

Administration sources have admitted there is much intra-departmental wrangling and disagreement on how such a scheme would work, as well as on whether the potential costs and costs to the Government would be too high if the rate of inflation did not stabilize.

In an interview published this morning, Congressman Ullman, in whose committee the legislation would have to be passed, was sharply critical of the practicalities of the idea and implied that it might not be feasible.

He conferred today with Mr. Treasury Secretary, and emerged to promise early hearings on the proposal. He did not say whether his reservations had been allayed.

If it does get to Congress, then the Administration will have lost a valuable inducement to the large labour unions to settle inside the voluntary guidelines.

Industrial production in the U.S. rose by a solid 0.5 per cent last month, the same as in September. This rate of increase is consistent with the Administration's projections for economic expansion in the rest of the year, and points to continued strength in the economy.

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Rhodesia's leaders fly to Pretoria for Botha talks

BY TONY HAWKINS

SALISBURY, Nov. 15.

RHODESIA'S four-man Executive Council flew to Pretoria today for discussions with Mr. P. W. Botha, the South African Prime Minister. The meeting, described as a courtesy call, was the first between leaders of the Rhodesian Transitional Government and Mr. Botha since he became Prime Minister in September.

It is thought here that the Rhodesian leaders wanted to talk to Mr. Botha about financial and military support after the hand-over to majority rule. The Transitional Government is understood to be increasingly pessimistic about the chances of acceptance by the western powers of the results of elections here if they are held without the participation of the Patriotic Front led by Mr. Joshua Nkomo and Mr. Robert Mugabe.

The Executive Council of Mr. Ian Smith, Bishop Abel Muzorewa, Chief Jeremiah Chirau and the Rev. Ndabandaba Sithole is due back in Salisbury tonight. It is understood that tomorrow's crucial joint meeting of the Executive and Ministerial Councils on the timing of one-man, one-vote elections and the hand-over to black rule.

So far, there is no evidence that a compromise formula is being developed. Instead, Mr. Smith, Chief of the Executive Council, and Mr. Sithole appear to believe that postponement of the December 31 hand-over date is inevitable. Mr. Muzorewa is insisting that the date must be met.

The Bishop has put forward a programme for accelerating the constitutional procedures to be fulfilled before the referendum on the new constitution is to be held on December 1. Parliament would then be given less than a week

to pass the necessary legislation. Elections would be held over three days on December 22 to 24 after a transitional government campaign of no more than a fortnight. Mr. Smith has said that such a programme "is simply not on."

Mr. Sithole said in Salisbury today that the Executive Council had no power to delay the elections but he stressed that there was no question of his party pulling out of the internal agreement if the December 31 hand-over date proved to be unattainable.

Mr. Smith, anxious to keep all options open for as long as possible, has called on Britain and the U.S. to explain why they are taking so long to convene the all-party conference on "no preconditions basis" that was agreed in Washington last month.

David Lennon reports from Tel Aviv: Israel is waiting until Egypt has agreed to new demands and decided today to suspend a Cabinet debate until it received clarification of the Egyptian position.

The Cabinet met for three hours this morning to hear reports from Mr. Moshe Dayan, the Foreign Minister, and Mr. Moshe Dagan, the Foreign Minister. But it was decided to postpone a follow-up meeting planned for tomorrow because of reports that the Egyptian Vice-President is carrying a new demand about the Gaza Strip.

Opposition to the direction the peace talks are taking was voiced by a number of coalition members of the Knesset today. Five asked the Knesset Foreign Affairs and Defence Committee to demand that the Government make any commitment about the future status of the Gaza Strip while maintaining a military presence in the territory.

It is not known whether Egypt is now asking for a commitment by Israel to military withdrawal from Gaza or whether it is merely seeking a precise timetable whereby the limited self-rule elements of the Camp David West Bank and Gaza Strip in the framework of the negotiations with Egypt.

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Gaza issue crisis at peace talks

BY ROGER MATTHEWS

CAIRO, Nov. 15.

EGYPT AND ISRAEL, both appear to agree with the United States that another critical stage on the road to Middle East peace has been reached. The peace treaty has been reached from those with legitimate social concerns.

But, he said, "somebody's got to say no and the President's going to do it. You can't have it both ways. You can't please all these people all the time."

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Fighting breaks out again in Beirut

BY IHSAN HIJAZI

BEIRUT, Nov. 15.

SIX PEOPLE have been killed and 18 wounded in the past 24 hours in Beirut's worst fighting since the ceasefire five weeks ago.

The fighting was mainly in the city centre, already devastated by two years of civil war, and on the waterfront near the port. The capital last night and today resumed the sound of explosions and machinegun fire, as Christian militias traded mortar shells and rocket-propelled grenades with Syrian troops of the Arab peace-keeping force and Muslim militias.

The fighting broke out as the Cabinet, under President Elias Sarkis, met to discuss what was officially described as an emergency security plan to consolidate the truce.

The plan which provides for security to be maintained by the Arab peace-keeping force and regrouped Lebanese Army units, also aims to control Palestinian guerrillas.

The Government and the nation disagree sharply about what role the army should play in the city.

The Muslim Prime Minister, Dr. Selim Al-Hoss, backed by Muslim groups, insists on a complete military reorganisation to ensure Muslim-Christian equality and

eliminate what Muslims regard as Christian dominance over the Army. President Sarkis and Christian leaders oppose lessening the powers of the Christian army commander.

A controversy has also developed over the meeting last week between two Palestinian leaders, Dr. Yassir Arafat and Mr. Hafez Habib, who were not official representatives but the meeting was attended by many Christians and Muslims.

The letter, sent last month, is in effect a statement from the Pakistan Government that this is long.

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New Iran foreign exchange controls

By Andrew Whitely

TEHRAN, Nov. 15.

IRAN TODAY imposed fresh controls on transfers abroad as the country's volatile political crisis kept uncertainties over its economic future at a high level.

Only eight days after the Central Bank of Iran had bowed to the inevitable and announced annual foreign exchange quotas of \$40,000, a new circular to commercial banks today limited personal travel allowances to 200,000 rials (under \$3,000) a trip, and stopped CBI foreign exchange cover for private uses.

Meanwhile, insurance companies are now assessing the losses incurred in Tehran 10 days ago when rampaging mobs took over the city centre for several hours and systematically burnt all the banks, cinemas, government offices and other buildings in their path.

One preliminary estimate of the damage puts it as high as \$200m. Nearly 400 banks alone were either severely damaged or completely destroyed.

To add to the troublesome pressure for a political solution over the past two days an increasing number of power generation workers have also been striking. The Ministry of Energy announced last night that technicians at the major Reza Shah Khabir dam power station, in the south-west, had begun a go-slow. It said workers in several other power stations were supporting their colleagues. Already large areas of Tehran have suffered periodic blackouts.

Following yesterday's official statements that the oil industry strikes were effectively over, diplomatic sources say today's crude oil production actually dropped by 100,000 barrels from 3.3m to 3.2m barrels.

Although many of the strikers have returned to their jobs, they appear to be doing little work.

S. African scepticism

By Quentin Peel

JOHANNESBURG, Nov. 15.

THERE WAS a generally sceptical reaction today from South Africa's urban black community to the suggestion of a liberal shift in the South African Government following yesterday's reshuffle by P. W. Botha, the Prime Minister.

The appointment of Dr. Piet Koornhof, the most outspoken moderate in the Cabinet, as Minister of Plural Relations, responsible for all black affairs, was warmly welcomed. But black leaders but greeted less enthusiastically by most urban leaders.

"We do hope that this indicates a change in emphasis," said Dr. Nkomo, chairman of the South African Committee for the Liberation of South Africa. "Other urban reaction was more hostile, with one observer describing people as 'unimpressed'. It is only 'separate development' that we actually support. We give gifts to our problems," he commented.

Chief Gatscha Bhebe, Minister of the KwaZulu Homeland, and leader of the Inkatha movement, the largest black political organisation, largely operating in the country, said the government was "not important." Dr. Koornhof had attempted to be innovative as Minister of Sport, he said, and "we can only hope he will have the same approach to the black problems of South Africa."

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Blumenthal sets off for oil talks

BY DAVID BUCHAN

WASHINGTON, Nov. 15.

MR. MICHAEL BLUMENTHAL, the U.S. Treasury Secretary, sets off tomorrow for a week of talks with four key Middle East oil-producing states, in an attempt to get the Organisation of Petroleum Exporting Countries (OPEC) to moderate any price increases. OPEC members are to meet in a month in Abu Dhabi to discuss world oil prices for 1979.

The message that he and Mr. Fred Bergstein, the Assistant Treasury Secretary, will take to Saudi Arabia, Abu Dhabi, Kuwait and Iran is that only a moderate increase—perhaps 5 per cent—would avoid an undue widening of the U.S. trade deficit and consequent damage to the dollar, and would allow the U.S. industrial partner countries to speed their economic recovery. OPEC did not raise its prices this year.

partly because the U.S. produced the same arguments 12 months ago, and some OPEC members are calling for a 15 per cent price rise in 1979, to catch up.

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What kind of person would leave in the middle of a dinner and dance to go out and fix a broken down car?

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WORLD TRADE NEWS

UK-Japan deficit grows as exports disappoint

BY RICHARD C. HANSON

TOKYO, Nov. 15.

BRITAIN'S STERLING-BASED trade deficit with Japan has widened over the 1977 figure with this year's exports from the UK apparently doing more poorly than expected.

Originally it was hoped exports this year would rise to about £800m. But the British Ambassador in Tokyo, Sir Michael Wilford, said it now looked as though exports for the year would be only 20 per cent to £600m compared with a rise of 21 per cent in 1977 over the previous year. In the first nine months this year the export gain had been only 16 per cent, he said.

British officials said today at the opening of a private business trade promotion centre in Tokyo's World Trade Centre that the deficit this year would be nearly twice the £500m deficit about twice the £500m deficit

Britain had with Japan last year. The sharp decline of the pound against the yen accentuates the deficit in Sterling terms.

British officials and businessmen at the exhibition on the trade deficit, which is being subsidised by the Japanese Government through free use of the 500-square-metre display area. The centre will operate for six months, after which a decision will be made whether to continue it or not.

More than 20 companies representing more than 75 British manufacturers are paying their own overseas costs, estimated at about £100,000 for the first six months. The centre will sell products retail and act as a focus for importers interested in British products. It has been dubbed the "window on Britain". Officials at the opening ceremony cautioned that they do not

expect this centre to do much to solve the trade imbalance problem, but did praise the Japanese for making facilities available. The World Import Mart was opened in October.

Kawasaki Heavy Industries Limited, said it was negotiating exports of seven large helicopters to Saudi Arabia for rescue and fire-fighting purposes, presently being manufactured under licence from Boeing.

The company said it planned to send its representatives to Saudi Arabia soon to finalise pricing negotiations on the sale of seven EH-107-2A helicopters in the hope that the deal could be concluded by March next year. In August last year, Kawasaki arranged a \$68m deal to sell six helicopters of the same size for delivery by 1980. The helicopters are being manufactured in Japan. Reuter



Wang Chen, the Chinese Vice-Premier, is greeted by Sir Christopher Hartley, the chairman of the British Hovercraft Corporation, aboard BHC's latest twin propeller 16 ton SRN6 Mk hovercraft.

Earlier, Vice-Premier Wang and Dr. David Owen, the Foreign Secretary, signed an agreement on scientific and technological co-operation, first proposed by Mrs. Shirley Williams, Education Secretary, on her visit to Peking last August. The agreement provides a framework for exchanges in the scientific and technical field and should improve co-operation between the two governments and Chinese and British academic organisations.

UAL interest in hotels

LOS ANGELES, Nov. 14.

UAL has told Chinese officials that it is interested in participating in a major hotel project in Shanghai and Peking.

Mr. Edward Carlson, UAL chairman, said the company's involvement would be through its Western International hotel subsidiary and depend on developing a "mutuality of interests" with the Chinese. He added that the project consists of building 1,200 rooms in Shanghai and 1,000 rooms in Peking.

Meanwhile, China has signed its first "compensation" agreement with U.S. manufacturers. Under the agreement, the U.S. companies will supply a special kind of garment-finishing equipment for installation by Dairen and Shanghai which will be paid for by the Chinese over a period of time with the output produced by the plant.

UK accuses Belgians of chipboard dumping

By Ra-Perman, Scottish Correspondent

THE EUROPEAN Commission is taking seriously an allegation of dumping made by Britain against the Belgian chipboard industry and has asked both governments to provide extra information.

The case is unusual in that the underlying assumption of the Treaty of Rome is that dumping is impossible within a common market and there is therefore no existing Community legislation to cover it. But the UK Government and chipboard industry have said that Belgian exports into Britain constitute a special case, since there is no possibility of a reverse trade. The Belgian industry can meet all its home demand and has a considerable surplus for export, whereas in Britain the domestic industry does not have the capacity to meet home demand.

The industry in Britain has been fighting a drawn out battle against foreign imports and has had some success in persuading countries outside the EEC to voluntarily control prices of their exports to Britain.

Nevertheless, imports are rising at the expense of home produced board and a number of companies are now in serious difficulties. Mr. Bob Watson, deputy chairman of the British Wood Chipboard Manufacturers' Association, said yesterday that imports had grown by 33 per cent for the year. Since the total market had only expanded by 25 per cent, British manufacturers had been forced to cut back on production.

Mr. Watson's own company, Southard, paid off 70 workers in September and is now receiving a temporary employment subsidy from the Government. In respect of the remaining 120.

The British industry's case against Belgium is being sold in the UK at between 30 and 40 per cent less than the true cost of manufacture and taking account of transport costs, at a lower price than it is sold in the Belgian home market and in export markets on the continent of Europe such as West Germany, Holland and France.

Mr. Watson said that the Belgian industry was able to do this since it could make a profit on the 85 per cent of its production sold in overseas markets and so afford to sell the surplus at below cost in Britain.

Iran gives priority to gas pipeline

BY ANTHONY McDERMOTT

TEHRAN, Nov. 15.

THE SECOND Iranian gas trunk-line, IGAT-2, the country's top priority project was today given official endorsement by Mr. Jafar Mossadeghi, chairman and managing director of the National Iranian Gas Company (NIGC).

He told WILMEG (Williams and Williams Bros. International and IMEG) which is in charge of the procurement, inspection and management of the project that if all other projects were stopped, IGAT-2 could continue.

The Government is in the middle of an extensive review of all projects, made the more urgent by Iran's political and economic problems. IGAT-2 has top priority because it is both a foreign currency earner and will also provide fuel for domestic industries.

There had been reports that progress on the pipeline might have been held up by current difficulties and as a result fail to meet the deadline of January 1, 1981, for the first contracted delivery of gas to the Soviet Union.

But WILMEG, which has been reviewing the project in the past fortnight, is reported to have told NIGC that although there might be delays on intermediate stages of construction, completion would still be on time. Construction began in March this year.

The 1,400 kilometre project is being built in three stages. Stage 1, a subsidiary of the Italian state-owned company ENI, is responsible for the gas-line from Caspian to the south near Isfahan; a consortium of French, Iranian and Polish companies led by SOGEPAG of France for the stretch of gasline to Qom; and finally Natfuchim (NIPPE) of the Soviet Union for the final stretch.

Stage 2 is to transmit natural gas from a treatment plant at Kangan on the Gulf to Astara on the Soviet border. It will supplement IGAT-1 whose capacity is 5,070 cubic metres a year for domestic use and 100m cubic metres a year for export.

IGAT-2's capacity will be 10,500 cubic metres a year and 170m cubic metres a year respectively. An agreement was signed in November, 1975, for the delivery of 13,400 cubic metres a year between NIGC and V/O Sojuzgazexport (Soviet Union). Rubzgas (West German), Gaz de France, and OMV AG (Austria).

A second agreement was signed with Metallurg (Czechoslovakia) for 3,600 cubic metres a year. The total consumption will be as follows: 15 per cent of the throughput of the first agreement will be used by the Soviet Union as compressor fuel, and the rest for its trans-Caucasian industries.

Pakistan-Gulf Oil pact

BY CHRIS SHERWELL

ISLAMABAD, Nov. 15.

THE PAKISTAN Government, through its Oil and Gas Development Corporation (OGDC), yesterday signed a joint venture agreement with the American oil company, Gulf Oil, for the exploration and production of petroleum in the country.

The agreement is a result of a stepped-up government effort in recent years to accelerate development of Pakistan's oil resources. Very few wells have been drilled since oil was first commercially exploited in 1918, and as a result the country's oil resources have remained relatively untapped.

Under the new agreement, which has taken about two years to negotiate, Gulf will pay 85 per cent of the exploration costs, including the foreign exchange component. But upon commercial discovery of petroleum the OGDC interest will increase to 50 per cent without reimbursement to Gulf of a proportionate share of its pre-discovery expenditure.

The agreement will last for eight years and allow exploration over a 9,400-sq-mile area. One well will be drilled within the first year, and another five over the next four years. After additional seismic work three more wells might be drilled.

Gulf representatives say the oil resources have company's activity in the country will be confined to exploration and production, and that there are no plans to try to move into refining. A new subsidiary is being formed to include the foreign exchange

known as Gulf Oil Pakistan.

Shipyards agree 35% cutback

TOKYO, Nov. 15.

SEVEN LEADING Japanese shipyards have agreed to cut back their operations during fiscal 1979 starting next April to 35 per cent of the 1974 peak period, in line with a plan announced by the Transport Ministry, according to Mr. Hisao Shimizu, president of the Japan Shipbuilders Association.

Yesterday the Ministry announced a stabilization plan designed to restructure the ship-

building industry by scrapping surplus production facilities and cutting for a 35 per cent cut in Japan's shipbuilding capacity. Mr. Shimizu said the cutback in operations has also become necessary to put a stop to unruly competition among Japanese yards which sometimes leads to dumping prices.

Meanwhile the Shipbuilders Association announced that Japanese shipyards received export orders totalling 407,400

gross tons in October, an 81 per cent increase over the same month last year.

The figures represent the first estimate of home that Japanese shipbuilding might be emerging from the worldwide slump in the industry.

In the previous six months, Japanese yards won export orders totalling 761,000 gross tons compared with 2,450 tons in the corresponding period last year. Reuter

Pakistan ship orders

KARACHI, Nov. 15.

PAKISTAN IS likely to acquire more than the 21 ships it has planned to purchase under its five-year plan when current negotiations with Japan, South Korea, Britain, Poland, Denmark and West Germany are concluded. The 21 ships are expected to cost about \$200m.

This was disclosed today by Mr. Mustafa Gokul, Pakistan's Federal Minister for Ports and Shipping, on his return from London. Mr. Gokul said an agreement had already been signed with Japan, under which Pakistan will get a credit of 1,500m yen over 30 years for seven ships, six to be built in Japan and one in Pakistan.

He added that Denmark is expected to grant a special loan of \$25m for shipbuilding and a two-member Danish team is already in Karachi to conclude the transaction.

A high-level Polish delegation is due to arrive from Warsaw

Thursday and Pakistan expects to get four to eight ships from Poland on a credit basis, the Minister said.

He added that he has invited a British delegation to visit Pakistan to discuss matters relating to shipbuilding. The Minister said his country expects to get five vessels from Britain. AP-DI

Exports of toys

BRITISH TOY exports were expected to exceed 1100m this year, outstripping last year's record sales abroad of 925m, the British Toys and Hobby Manufacturers' Association said yesterday.

The main customers for British toys are the U.S., France and West Germany, according to preliminary figures published by the association for the period January-August.

Aust. uranium sought by UK

By Lisa Wood

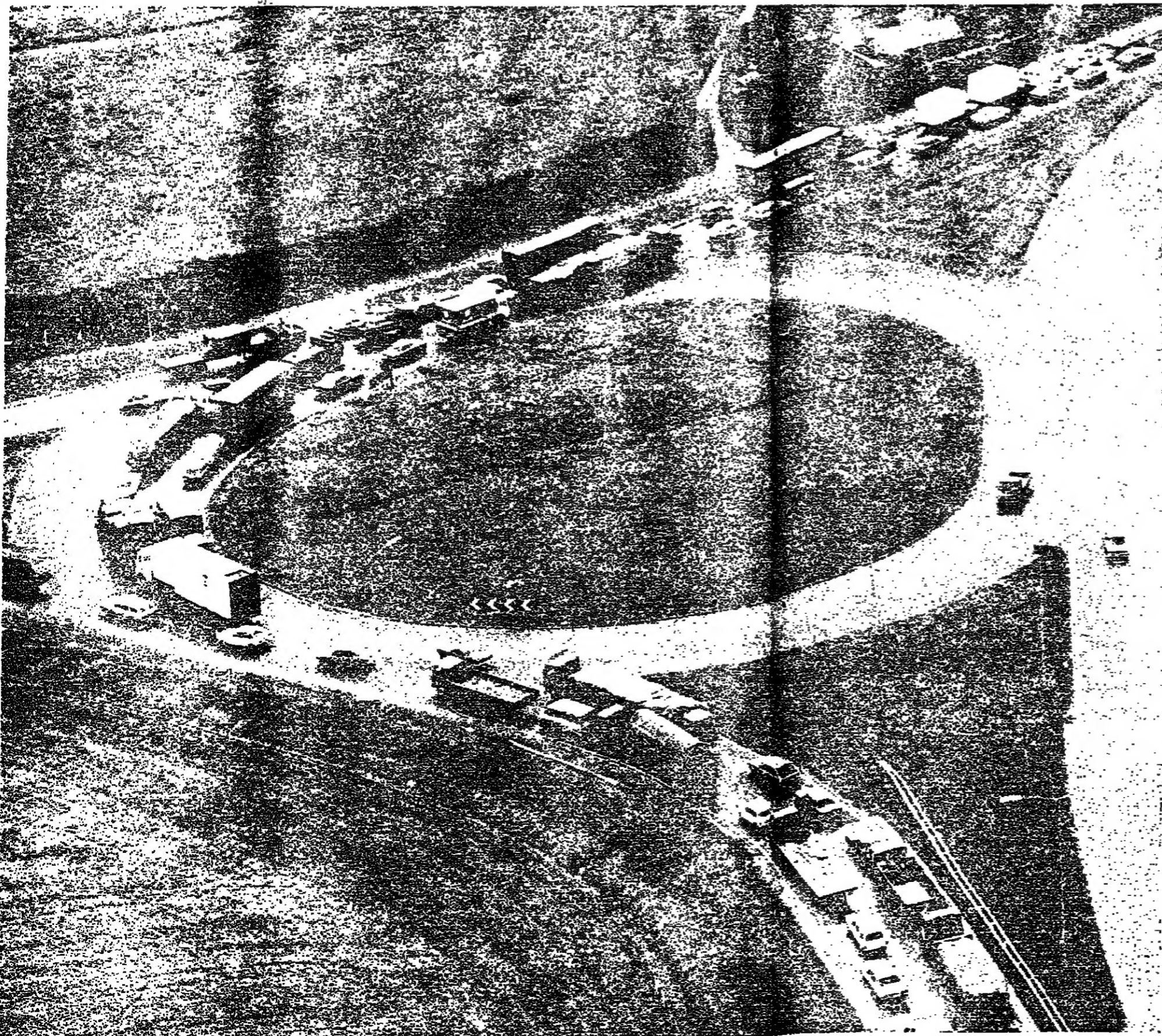
AUSTRALIAN URANIUM mining companies may supply up to 25 per cent of Britain's uranium if talks, to be held next year, are successful, it was disclosed this week.

Mr. John Jukes, a board member of the British Central Electricity Generating Board (CEGB), told a Press conference in Sydney, Australia, that it was hoped to start talks with Australia next year to ensure future supplies of nuclear fuel.

He said that if things went according to plan, Australia would be supplying about 1,000 tonnes of uranium a year to Britain within 10 years.

Britain was particularly interested in Australia as a supplier, he said, because it had about one quarter of the world's uranium.

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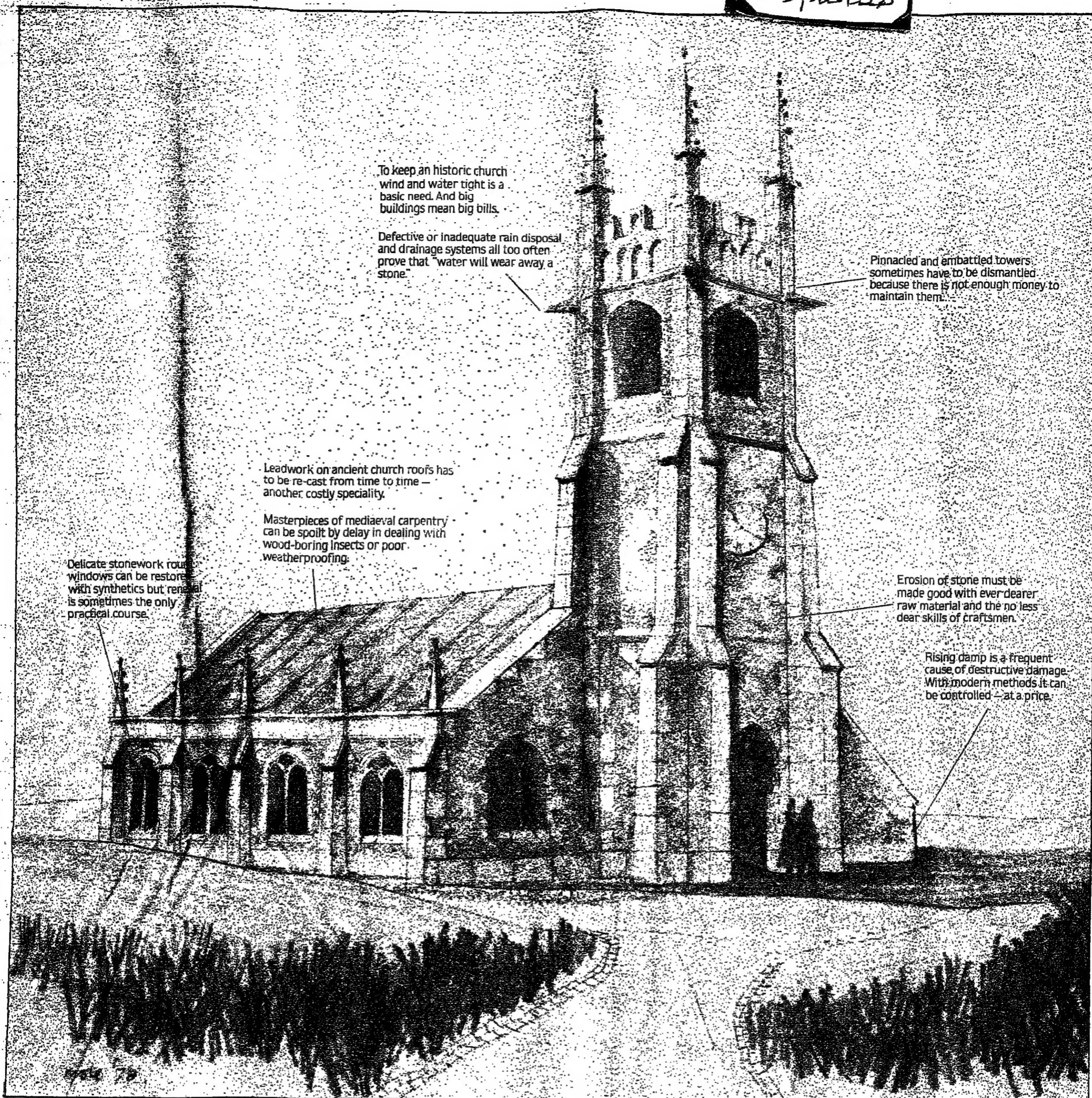
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That is why the Trust enjoys the rare privilege of receiving legacies and gifts of any amount free of capital transfer tax.

What is more, our campaign has paved the way to state aid for historic churches of the highest merit.

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HOME NEWS

Agreement reached on revised double tax pact with U.S.

BY MICHAEL LAFFERTY

AGREEMENT HAS now been reached at official level on a revised double tax treaty between the UK and the U.S., Mr. Joel Barnett, Chief Secretary to the Treasury, told the Commons last night.

But it is almost certain that new pact will not ban the controversial unitary tax regime of States such as California and Alaska, which taxes multinational companies on a proportion of their world-wide income.

The original treaty covered this point but after extensive lobbying, the U.S. Senate deleted the relevant clause before approving the rest of the treaty last June.

It has been clear for some time that the UK Government has been resigned to the loss of the

unitary tax clause but was not prepared to jettison the whole treaty, which it feels contains several other advantageous provisions, because of it.

It is not yet known what concessions the UK has been able to extract in return for the loss of the unitary tax clause. Indeed, the details may not become clear until the protocol containing "the amendments" is published, probably next month.

Mr. Barnett said in a written answer that this time the U.S. Senate will be invited to approve the amending protocol in the first instance and it will then be put to the House for consideration under the affirmative resolution procedure as a draft Order in Council.

Chemists 'will act for more money

BRITAIN'S chemists are disappointed that the Government is not taking stronger action over the long-standing claim for more money.

The Pharmaceutical Services Negotiating Committee, representing 9,500 dispensing chemists, said yesterday that Mr. David Ennals, Health and Social Services Secretary, had offered to refer the chemists' three-year claim for higher payment for dispensing prescriptions to an independent panel on Tuesday.

This means that the Government is only "morally" committed to implement the panel's recommendations rather than being bound by an arbitration, as the committee had hoped.

Yesterday the committee told the Government that unless more money was forthcoming it

would recommend industrial action.

Chemists receive only 6p on a prescription worth £2, a profit of only about £1,000 on Health Service dispensing a year if 34,000 prescriptions are made up.

This is a 2.5 per cent profit on turnover compared with an average 9 per cent the committee claims is made by other retailers.

The return on capital invested is about 18 per cent, still below the increasing cost of drugs. Last year prices increased by 18 per cent.

The panel, consisting of one Government representative, an accountant and an eminent retailer, agreed jointly by Mr. Ennals and the committee, will begin work in January and announce its decision in April.

Fuel sector to recruit

BY KEVIN DONE, ENERGY CORRESPONDENT

ALL THE energy industries, except for electricity supply, are expecting to increase manpower over the next 10 years.

The fuel sector employs about 650,000 people and no big problems are foreseen in recruitment.

Sufficient numbers of newly-qualified graduates and technical college students should be available, but according to a report prepared for the Energy Commission, there is an urgent need for people such as draughtsmen,

engineers and technologists.

British Gas, which employs about 100,000 people and another 17,000 contractors, expects to take on about 1,000 more skilled and 4,000 semi-skilled people over the next decade.

The United Kingdom Atomic Energy Authority, which employs about 12,500 workers, expects a 10 per cent rise in its workforce and British Nuclear Fuels will probably increase its 12,500 workers by 2,500 by 1981.

Tri-ang plea rejected

BY ARNOLD KRANSDORF

THE GOVERNMENT has turned down an appeal by the workers of Tri-ang Pedigree to save the Merthyr Tydfil-based toy company from closing down by Christmas.

Mr. John Morris, Secretary of State for Wales, yesterday affirmed the Government's decision not to make further financial support available.

Since 1973, nearly £4m of public funds have been pumped into the ailing company, which has been in the hands of a

receiver since December last year.

Mr. Morris, rejecting a deputation's arguments for continued support, said: "It is now a matter for the receiver to take whatever action he deems to be necessary under the terms of his appointment."

The decision means that most of the company's 240 employees will lose their jobs within the next few weeks. A small staff will be kept on until the company is run down completely.

Rare atlas fetches £44,000

A RARE edition in Spanish of Blaue's famous Atlas Major, published in Amsterdam between 1658 and 1669 in ten volumes (one here is missing), sold for £44,000 plus 10 per cent buyer's premium at Christie's yesterday.

The atlas, a Swiss dealer, in good condition, with 518 coloured maps, and made the top price in an auction of atlases and topographical books that totalled £219,380.

Bosch also paid £23,000 for an almost complete atlas by Ortelius published in Antwerp in 1592. Other high prices were the £25,000 from the London dealer

Hammond for a collection of 18th-century city views by Braun and Hogenberg, published in Cologne in 1599; £7,500 from Burgess for Saint-Non's description of the Kingdom of Naples and Sicily in the late 18th century; and £5,500 for the illustrations of British Ornithology, by Selby.

Very good prices were paid in a Sotheby's sale of modern British drawings and paintings, which totalled £238,565. A watercolour by Sir William Russell Flint, unusual in that it showed figures in an interior rather than a nude. Sheets, by Joseph Farquharson. Military and campaign medals from the collection of the late

Move to strengthen Price Commission

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE GOVERNMENT intends to press ahead with its plans to strengthen the Price Commission through amending the safeguard regulations in spite of the decision by the TUC General Council not to accept the joint statement on pay, prices, and inflation.

The move reflects the long-held concern among many Government Ministers, especially Mr. Roy Hattersley, Prices Secretary, that the safeguard regulations have hampered the Commission's activities during the 15 months it has been in operation.

It is now felt that the regulations aimed at ensuring that no company's profit margins are affected by the three-month freeze during a Price Commission investigation—have been too inflexible.

They have allowed most companies whose price rises have been investigated by the Commission to achieve virtually the full rise before the Commission's investigation had been completed. Of the 25 companies

notifying price rises to the Commission in its first full year of operation, ending July 31, all but five received an interim price rise.

During the lengthy negotiations with the TUC over the proposed statement the Government apparently offered to give the Commission more discretion in dealing with applications for interim rises under the Safeguard Regulations.

In spite of the Government's willingness to press ahead with such a move as well as its obvious value as a bargaining counter in any talks with the TUC—any changes are still likely to take some time to implement.

Under the 1977 Price Commission Act, changes to the safeguard regulations require the Commission to consult with representatives of consumers, employees, and employers, as well as other interested parties. It seems likely that the Government will publish a short discussion document outlining its proposed amendments to the regulations.

The crucial question is whether even relatively minor amendments, which still have to be presented to Parliament, will give approval. The attitude of the CBI to the proposed changes is crucial, since it was its lobbying that ensured that the safeguard regulations were included in the 1977 Price Commission Act. Government Ministers hope that, in spite of the strong public opposition to the CBI to any weakening of the Safeguards, the experience of the first 15 months has shown the CBI that the Commission is not weighted against its interests.

Mr. Charles Williams, Commission chairman, has shown he is in favour of allowing the Commission more discretion when considering applications under the safeguard regulations. He said recently: "As the regulations stand, any firm that is making a price move is effectively entitled to any price move it thinks fit until it comes back into profit."

Emergency rule defended by Gandhi

BY SIMON HENDERSON

MRS. INDIRA GANDHI, the former Indian Prime Minister, defended her imposition of emergency rule yesterday, saying that it was necessary to save democracy and that demonstrators against her week's visit to England were typical of what some people thought of democracy.

She said in London that democracy did not mean the same in every country, even Western countries, and did not mean the same in every period of history.

It was up to the people themselves to define it and the system would be tolerated if it satisfied their needs.

New Job Ownership group has loans promise from bank

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE INDUSTRIAL and Commercial Finance Organisation and the Co-operative Bank have promised to consider lending money to workers' co-operatives formed with the help of a new organisation named Job Ownership.

The organisation, launched yesterday, has been founded by a group which includes Mr. J. G. Grimond, the former Liberal Party leader, and Mr. Martin Jay, a manager with GEC who is the younger brother of Mr. Peter Jay, British Ambassador to Washington.

Its aim is to advise on the creation of co-operatives. It will also provide a permanent package of managerial and financial advice to workers' co-operatives and may eventually become the central organisation in a group of co-operatives.

The Industrial and Commercial Finance Organisation has already lent money to two co-operatives. Yesterday, Mr. Ian Bentley, economics and planning manager, said that the corporation was in the business of financing small firms and had no ideological objections to lending to co-operatives which could prove to be one way of making industry operate more effectively. Fixed interest loans plus a measure of participating interest would normally be involved.

The Co-operative Bank said earlier this year that it was prepared to help fund workers' co-operatives, and is considering various requests for loans.

Job Ownership has been inspired by the example of the Mondragon group of co-operatives in the Basque area of Spain, which is funded by workers and the Government.

The director of Job Ownership, Mr. Robert Oakeshott, a former journalist, was a member of a study group of the Mondragon co-operatives last year. He said it was clear yesterday that the enterprises helped by his organisation would have to have substantial financial input from the workers involved.

The organisation, which will raise with the Government's new Co-operative Development Agency, is initially being funded with a £40,000 two-year grant from the Joseph Rowntree Social Services Trust. It will charge for its services. It expects that its co-operatives will emerge from people wanting to found new enterprises, mainly businesses wanting to transfer ownership to employees, and large companies wanting to spin off subsidiaries.

Mr. J. G. Grimond, chairman of Job Ownership, said yesterday: "There has been too much emphasis in this country on State socialism, so people should welcome this attempt at Guild socialism or co-operation."

Metal Box 'puzzled'

BY MAURICE SAMUELSON

METAL BOX, which broke its ties with Israel two years ago, said yesterday that it was "very disconcerted" that it had still not been removed from the

blacklist of the Central Arab Boycott Office in Damascus.

Mr. C. Gilbertson, chairman of Metal Box Overseas, said that as a result of the delay the company could not invest in the Arab world. It had sold its interest in the Israel Can Company nearly two years ago because of Arab pressure on customers who used Metal Box containers.

Since then Metal Box had been "knocking on the doors in Damascus" and had answered successive questionnaires from the Boycott Office. It still has no idea when it would come off the blacklist.

SALEROOM

BY ANTONY THORNTON

Charles Lovell sold 100,262 in a continuing sale which ends today. The highest price was the £5,000 for a Victoria Cross and related documents awarded to Private J. Barry of the Royal Irish Regiment, who died in 1901 fighting the Boers.

Christie's this week is holding its series of autumn sales in Geneva. The auction devoted to silver and objects of vertu produced a top price of £55,555 for a large parcel gilt figure of infant Bacchus by Hans Lambrecht III, made in Hamburg about 1850. It was bought to the Great Elector of Brandenburg and to King Frederick I.

Tarling judgment reserved

JUDGMENT WAS reserved in the High Court yesterday on a second bid by Mr. Richard Tarling, former chairman of Haw Par Brothers International, to avoid extradition to Singapore under the Fugitive Offenders Act on five company law charges.

Lord Widgery (Lord Chief Justice), sitting with Mr. Justice Griffiths and Mr. Justice Gibson in the Queen's Bench Divisional Court, said a decision on Mr. Tarling's application for a writ of habeas corpus would be given as soon as possible.

In April the Lords ruled that Mr. Tarling should not be sent to Singapore on other charges alleging dishonesty. Mr. Tarling now claims that it would be "unjust or oppressive" to return him to Singapore, having regard to the passage of time.

He also contends that his extradition would be "absurd" because, under Singapore company law, he has a complete defence to the charges, which relate to the annual accounts of Haw Par for the years ending April 1973 and April 1974.

When the present hearing began, Mr. Louis Blom-Cooper, QC for Mr. Tarling, submitted that the fact that the court had turned down a similar move by Mr. Tarling in July last year did not prevent him making a fresh application.

UK still backs Portugal's entry to EEC

By David Marsh

MR. JAMES CALLAGHAN, assured President Antonio Ramalho Eanes of Portugal during talks at 10 Downing Street yesterday that Britain would continue to support Portugal's application to join the EEC.

Mr. Callaghan and Mr. Eanes, on the second day of his State visit, also discussed general Anglo-Portuguese relations and the situation in Southern Africa.

Later, in a speech at a banquet at Guildhall, Mr. Eanes said that Portugal's entry into the EEC would contribute to the modernisation of its economy and "profoundly affect" the stability of Portuguese democracy.

Pledging Portugal's determination to consolidate a democratic regime, he said that the country's economic position was still very difficult, but the Portuguese were willing to bear the burden of austerity policies necessary for structural changes.

Portugal could offer Europe "co-operation with a vast potential," Mr. Eanes said, adding that the country's stabilisation programme would provide the basic conditions for the economic progress it sought.

Dr. David Owen, the Foreign Secretary, and Sr. Carlos Gago, the Portuguese Foreign Minister, also took part in the Downing Street talks.

Afterwards they signed the UK-Portuguese Social Security Convention, which among other things will raise pensions paid to the 600 British retirement pensioners living in Portugal to the level paid in Britain.

Earlier, Mr. Eanes had talks with TUC and CBI leaders at Buckingham Palace. Today he sees Mrs. Margaret Thatcher, visits Bracknell New Town and has lunch at the Royal Military Academy of Sandhurst.

Services' strength 3% down

By Lynton McLean

THE 13 per cent interim pay award to British Servicemen in April has failed to stop the flow of officers and other ranks leaving the Armed Forces in civilian life.

Strength of the Services' September was almost 3 per cent down on a year earlier, with 213,989 men and women in the Army, Navy, Marines and RAF payrolls.

Since the April pay award, a further 24,436 officers and other ranks have left the Services, compared with an intake of 23,823, although the three months to September showed a 13 per cent drop on a year earlier, with 213,989 men and women in the Army, Navy, Marines and RAF payrolls.

The award left Servicemen and women with salaries 19 per cent lower than those in 600 selected civilian jobs, but comparability between civilian jobs and the Services should be reached by April 1980.

Next April's award will provide at least 91 per cent and a percentage to take account of any further rise in the difference in pay with civilian jobs.

Factors other than pay are also understood to have damaged morale. The growing personal disturbance involved with Service life has particularly worried the rising proportion of married officers and ranks.

Beer figures

MORE THAN 3,408,000 barrels of beer were consumed in August. Customs and Excise figures said yesterday. In the month, about 83,600 barrels were exported.

British Rail plans bus-for-train cuts in rural areas

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

BRITISH RAIL has revised its idea of closing substantial sections of its loss-making rural services and replacing them with buses.

Talks have taken place on the subject with the National Bus Company and with the Central Transport Consultative Committee, but the Government, apparently, has not been asked to approve the plan.

Rail closures are regarded as a political dynamite in the present parliamentary climate, particularly as most of the closures proposed are in Scotland and Wales.

British Rail has toyed with the idea of more closures for the last four years, but the emergence of a list comes as a surprise in view of a recent confidential study carried out by the Railway Board.

The study, carried out in conjunction with National Bus, looked at the possible substitution of buses in three areas: Lancashire, North Warwickshire, and North Glasgow. It concluded that savings from the change would be minimal.

The latest list comes in another confidential paper, signed by Mr. Peter Keen, British Rail's chief executive, and on most of these passenger services.

The study of a bus-for-train replacement service such as the Manchester-Sheffield-Hill, as part of a secondary inter-city service, would spend money on renewing National Bus on a railway chassis. A prototype is being tested.

However, other services are tested.

Fare increases allowed

THE Price Commission decided yesterday not to investigate the proposed average fare rises of 10 per cent proposed by British Rail for its passenger services.

Its decision, taken at the commission's regular weekly meeting, follows the statement earlier in the month by Mr. Charles Williams, commission chairman, that British Rail's application to increase fares would not be investigated.

Mr. Williams said that the commission had decided, in this case, that an inquiry was not needed as British Rail's price rises last year had

price rise applications.

Rolls chairman laments machine-tool troubles

BY WAZZ DUFFY, INDUSTRIAL CORRESPONDENT

UNDISGUISED CYNICISM, of sadness me to have to tell you lack of confidence in parts that far every pound we spend of the machine-tool industry on British machine-tools today came yesterday from Sir Ken we have to spend another pound overseas."

Royce.

Mentioning that Rolls-Royce went abroad for half its machine-tool requirements, he said that the industry had much to do before it could regain its rightful position in world markets, and "very little time in which to do it."

He told the annual dinner of the Machine-Tool Trades Association in London that expansion of the 1973 programme, which launched the new Boeing 757, gave tremendous opportunities for British machine-tool manufacturers, but the business "is not going to be handed to you on a plate."

"We have a continuous fight on one hand with our powerful American competitors. It is not the airframe manufacturers who decide which engines are used, it is each individual airline, and each competition is a fierce battle."

"This is a tough business and there is no room for sentimental or national chauvinism. We must, therefore, apply the same rules when we buy machine-tools as our customers do, and frankly it vital production."

One of the undoubted needs facing the industry now for far too few customers. With the trend towards multi-functional machines, the overall industry is in fact contracting worldwide.

Against this, Britain and 150 machine-tool companies, producing in more than half the annual sales volume of Rolls-Royce, "Big is not necessarily beautiful, but one can take confidence and frustration to drive to drive."

Earlier, Mr. Bill Vaughan, president of the association, spoke of findings of customers of the machine-tool industry, and urged unions to be more constructive in attitudes to advanced technology, which he was called by "technological conservatism," and in particular to deal with "that destructive 2 per cent machine-tool industry, dedicated to wrecking apply to us, and frankly it vital production."

NOTICE OF ISSUE

Application has been made to the Council of The Stock Exchange for the undermentioned Stock to be admitted to the Official List.

The Colne Valley Water Company

(Incorporated in England on 19th June, 1973 by The Colne Valley Water Act, 1973)

OFFER FOR SALE BY TENDER OF £3,500,000

8 per cent. Redeemable Preference Stock, 1983

(which will mature for redemption at par on 31st December, 1983)

Minimum Price of Issue—£98 per £100 Stock

yielding at this price, together with the associated tax credit at the current rate, £12.18 per cent.

This Stock is an investment authorised by Section 1 of the Trustee Investments Act, 1961 and by paragraph 10 (as amended in its application to the Company) of Part II of the First Schedule thereto. Under that paragraph, the required rate of dividend on the Ordinary Capital of the Company was 4 per cent, but, by the Trustee Investments (Water Companies) Order 1973, such rate was reduced to 2.5 per cent. In relation to dividends paid during any year after 1972.

The preferential dividends on this Stock, which will rank *pari passu* for dividends with the existing Preference Stocks, will be at the rate of 8 per cent. per annum. The associated tax credit, at the current rate of advance corporation tax (33 1/3% of the distribution), is equal to a rate of 3 63/67ths per cent. per annum.

Tenders for the Stock must be made on the Form of Tender supplied with the Prospectus, and must be accompanied by a deposit of £10 per £100 nominal amount of Stock applied for, and sent in a sealed envelope to Deloitte Haskins & Sells, New Issues Department, P.O. Box 207, 128, Queen Victoria Street, London, EC4P 4JX marked "Tender for Colne Valley Water Stock", so as to be received not later than 11 a.m. on Wednesday, 22nd November, 1978. The balance of the purchase money is to be paid on or before Thursday, 29th December, 1978. Copies of the Prospectus, on the terms of which alone Tenders will be considered, and Forms of Tender may be obtained from:

Seymour, Pierce & Co.,
10, Old Jewry, London, EC2R 8EA.
National Westminster Bank Ltd.,
113, High Street, Watford, Herts., WD1 2DG.
or from the Principal Office of the Company, Blackwell House, Aldenham Road, Watford, Herts., WD22 2EY.

This announcement appears as a matter of record only

City of Gothenburg
(Göteborgs Kommun)

Flux 250,000,000

Term Loan

Arranged by

Banque Nordeurope S.A. PKbanken International (Luxembourg) S.A.
Skandinaviska Enskilda Banken (Luxembourg) S.A.

Provided by

Banque Nordeurope S.A. PKbanken International (Luxembourg) S.A.
Skandinaviska Enskilda Banken (Luxembourg) S.A. Kredietbank S.A. Luxembourggeoise.

Andersens Bank International S.A. Den Danske Creditbank (Luxembourg) S.A. Provinsbanken International (Luxembourg) S.A.
Bergens Bank International S.A. Den Norske Creditbank (Luxembourg) S.A. Svenska Handelsbanken S.A.
Copenhagen Handelsbank International S.A. Kansallis-Osake-Pankki S.A. Union Bank of Finland International S.A.
Christiansen Bank og Kreditkasse International S.A. Privatbanken International (Danmark) S.A.

PKbanken International (Luxembourg) S.A.
as Agent

October 1978

How patriotic is it to buy a computer from IBM?

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Or a photocopier? A dictation system?
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We've increased our staff from six when we started in 1951, to 15,000 British people working in Britain and for Britain.

They're working at Hursley, in IBM's biggest research and development laboratory in Europe. At Greenock and Havant, manufacturing machines that help keep British

products competitive in an international market and at the same time building our exports.

Every year we're increasing our investment in laboratories, plants, offices and training centres, in developing know-how and expertise.

The fact that we've already invested over £490 million should speak volumes about our commitment to Britain.

And a lot more about our faith in Britain's future.



IBM United Kingdom Limited, P.O. Box 41, North Harbour, Portsmouth PO6 3AU.

HOME NEWS

National Oil widens its ties with overseas companies

BY KEVIN DONE, ENERGY CORRESPONDENT

THE British National Oil Corporation is broadening its ties with overseas state oil companies. It is planning an exchange of personnel with Petrobras, the Venezuelan state oil company, and has just completed its first round of informal talks with Petronas, the Malaysian state oil company.

The exchange with Venezuela will involve the transfer of three National Oil employees from the UK, whose places will be filled by personnel from Petrobras. It will take place early next year.

It is one of the first fruits of a series of contacts that have been established by National Oil with state oil companies in Venezuela, Mexico, Brazil and elsewhere.

The corporation has made no secret of the fact that it harbours international ambitions, which eventually could involve it in oil exploration overseas.

For the moment it is anxious to develop opportunities for its staff in overseas experience, in order to broaden its appeal in the recruitment of new staff.

Meade proposes cure for 'stagflation'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BIG CHANGES in the Government's fiscal and monetary objectives and in the present system of wage bargaining were urged last night by Professor James Meade, the Nobel prize winning Cambridge economist.

Changes were necessary to cure the present disease of 'stagflation', whereby the economy was both stagnant and inflationary, he said.

Professor Meade was giving the biennial Snow lecture in Cambridge on 'stagflation or making the worst of both worlds'.

A key part of his proposals was that Parliament should recognise, as a strict constitutional financial restraint, a sacred rule, that fiscal and monetary policies should be used, not directly to maintain full employment, but to maintain a steady rate of growth of say, 5 per cent a year in the total money demand for goods and services and so, in the total money national income.

As a variant, total demand should be managed so as to keep the total national income, but rather the total national wage bill on a steady 5 per cent a year growth path.

Restraint

On this basis, any governmental percentage guidelines for increases in wage rates would simply be replaced by an effective use of demand management techniques, which actually kept the total wage bill on a given annual percentage growth path.

Then it would be left to wage-fixing arrangements to decide how the increase would be divided between increased employment and increased wage rates in various sectors of the economy.

But it would remain important that profit margins as well as money wage rates should be retrained, mainly through the promotion of competition among producers.



PROFESSOR MEADE
'Lunatic wage fixing'

One necessary condition for the feasibility of any such rule for monetary and fiscal policies is that it should be accompanied by a suitable reform of wage-fixing arrangements. Professor Meade rejected a formal centralised income policy, and a corporate State solution.

In place of industrial action to determine personal incomes by the accidents of monopoly bargaining power there should be a resort to arbitration in cases of dispute. A main criterion of arbitral awards would be to restrict such wage increases as would impede the expansion of employment in any sector.

This would be compatible with a simple return to uncontrolled monopoly bargaining with the essential difference that either party to a trade dispute, and the

Government itself, could be given the right to refer that dispute for an arbitral award.

Industrial action would still be possible, though it would be ruled that the legal immunities granted to the parties by the Relations Acts would be denied in the case of industrial action taken in opposition to such an arbitral award.

This would mean that there was no restriction whatsoever on any wage bargain freely agreed between any group of workers and employers.

Epidemic

But when, against the background of a strictly restrained total market for goods and services, employers decided to resist a claim, it could be made subject to an arbitral award. Even so it would not be a criminal offence for the workers or employers concerned to take industrial action.

These solutions were necessary, because of the epidemic of 'stagflation'. This consisted of the temptation for politicians to use the tools of demand management for the overstimulation of the economy, and the uncontrolled power of labour monopolies to press for wage increases. The present way of fixing money wage rates was quite lunatic and a system of uncontrolled monopoly, rather than free collective bargaining. This represented a recipe for disaster which could be averted from time to time by the temporary reinstatement of strict monetary and fiscal constraints which would result in unemployment and a 'stagflation' economy as the upward pressure of rates of pay met the reimposed downward pressure of the monetary and fiscal constraints, said Professor Meade.

North-east attempts to attract Inmos

BY JOHN LLOYD

TYNE and Wear County Council has moved ahead of other regional authorities with a new bid to attract Inmos, the micro-electronics company financed by the National Enterprise Board to the North-east.

Competition among the regions, especially the North-west and the North-east, is already intense. Tyne and Wear's move yesterday was to announce that it had committed £200,000 to the Microelectronics Applications Research Institute, which would study ways of using micro-processors in new and existing products.

The institute has three 'parents': Newcastle University and Newcastle Polytechnic, where there are microelectronic and computing research centres, and the software company Computer Analysts and Programmers, in which the Enterprise Board has a 29.9 per cent share.

The initial £200,000 is regarded as 'pump-priming' capital, and it is hoped that it will be augmented by an equivalent amount from central government.

Tyne and Wear's case for getting Inmos, which has now gone to Industry Secretary Mr. Eric Varley and Sir Leslie Murphy, the chairman of the Enterprise Board, rests on its high unemployment rate—standing at 8.9 per cent, four points higher than the UK average—its status as a special development area, attracting the highest level of Government incentives, and its pool of skilled labour.

In August, Greater Manchester and Merseyside Councils, together with the North West Industrial Development Association, made a case to Mr. Varley for siting the Inmos plant in the North-west.

It is expected that Inmos, which is still at an early stage of development, will shortly announce the establishment of a technical centre, ultimately employing about 400 people. The favourite site for the centre is thought to be Bristol.

A production plant, to employ about 4,000 people, will not be established until 1980 or 1981.

Within six months of the opening of an ASDA store—operated by Associated Dairies—in Coalbridge, Lanarkshire, some food shops in the town had closed and others were trading at lower profit levels, even though they had cut staff.

The study, commissioned by the Scottish Office and the local authority, found that sales in other food shops at the shopping centre dropped by up to a half, although shops selling other goods suffered less and lost only about one-fifth of their trade.

Shops close as cut-price superstore moves in

BY OUR SCOTTISH CORRESPONDENT

SUPERSTORES built in shopping centres rather than on the outskirts of towns could have a considerable impact on smaller retailers, according to a study published yesterday.

The study, commissioned by the Scottish Office and the local authority, found that sales in other food shops at the shopping centre dropped by up to a half, although shops selling other goods suffered less and lost only about one-fifth of their trade.

The impact of a Town Centre Superstore, No. 110.

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Official figures may mean less growth

By Peter Riddell, Economics Correspondent

A POSSIBLE slowdown in the rate of growth of output is suggested by new official forecasts of turning-points in the level of economic activity.

The Central Statistical Office's index of longer-leading indicators fell in October. Apart from a slight rise in August, the index has now fallen continuously since autumn last year.

This index has an average lead time of about 12 months ahead of turning points in the cycle of economic activity.

Consequently the now clearly established down-trend in the index points to a fairly early slackening in the pace of the economic upturn.

However, the figures need to be interpreted with considerable caution because of the nature of the data which make up the index.

For example, the longer-leading index is heavily dependent in the short-time on share prices and interest rates.

Moreover, the composite index of shorter leading indicators rose in September for the fourth month running, owing to increases in new car registrations and in hire purchase new credit extended.

This index has an average lead time of five months, which suggests that the pace of activity should be maintained at least during the winter.

The indices of both consumer and lagging indicators have risen in recent months.

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Managers 'are afraid to take decisions'

FINANCIAL TIMES REPORTER

MANAGERS ARE beginning to believe it is wrong to take a decision unless it is by consensus in committee, Professor Brian Wilson of the Cranfield Institute of Technology, said last night.

Many of them were being unnerved by 'all the talk of industrial democracy and participative management'.

Managers must be given guidelines to help them decide who to involve and how to gain commitment to company goals but not to lose control, Prof. Wilson said in his inaugural lecture as Professor of Organisation and Human Resources in the Institute's School of Management.

Prof. Wilson, formerly a senior manager with ICI, said: 'Organisations must work out at the highest policy levels what is involved in getting the best out of their employees—all employees at all levels, from blue-collar to white-collar.'

Such thinking cannot avoid consideration of basic beliefs about people, and the implications for styles of management.

In a successful business, senior managers demonstrated by example, practising what they preached. 'Unpleasant realities are faced and dealt with. The role of the supervisor should be re-defined. If responsible behaviour and self-control are going to develop on the shop floor, the traditional supervisory role will become redundant—perhaps the title too.'

Helping the shop floor to get on and reduce what becomes increasingly important—but this is a new job for which supervisors must be trained.'

Council power transfer struggle predicted

BY PAUL TAYLOR

FRICITION between two local authority groupings became apparent yesterday when the Association of District Councils met in London, predicted a bitter struggle with the Association of County Councils over the Government's plans to hand back certain powers to the district councils.

The tension between the associations, both Conservative-controlled, has been building up since August, when Mr. Peter Shore, Environment Secretary, announced plans for a limited reorganisation of local government.

Powers such as education, social services, transport, highways and planning were to be transferred from the counties back to the larger districts. The plans go far towards meeting the long-standing demands of the district councils for more powers.

That was recognised by Sir Duncan Lock, chairman of the district councils, yesterday. He added that his association had sought further consultation.

Mr. Shore over the plans and would be urging more flexibility in the proposals.

However, he, and other association members, said that the county councils would oppose the scheme.

Association members expressed fears about the range of the proposals, drawing particular attention to the difficulties that would be faced by smaller districts in the County of Avon were Bristol to win back most of its lost powers.

The other element causing friction between the associations is the question of handing the needs element in the Rate Support Grant Settlement directly to the districts instead of counties.

The needs element is the part of the Rate Support Grant designed to even out differences between local authorities. It is spent because of differing demands for services or costs in providing those services.

It now appears likely that the districts will be awarded the needs element when the settlement is announced tomorrow week.

Times seeks further talks

BY ALAN PIKE

THE NEWSPAPERS management with only a fortnight left before deadline for suspending all publication, yesterday sought further talks with print union leaders on its proposed new dispute procedure.

The move came as the company announced its first breakthrough in attempts to persuade employees to accept new working methods. It said that 53 per cent of the Society of Graphical and Allied Trades, had signed an agreement on terms for their job. The new disputes procedure, which covers the whole company, still has to be agreed.

Mr. Marmaduke Hussey, chief executive of Times Newspapers, yesterday sought a meeting with print union general secretaries next Tuesday for further discussion on the procedure. The company has said that it will suspend publication of The Times, the Sunday Times and the three Times supplements from November 30 unless agreement is obtained.

The national council of the National Graphical Association will today discuss Times Newspapers' proposals for the introduction of a new technology controlling room, and there will be a further meeting with the company on this tomorrow.

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Bitterness as bread strike talks collapse

BY PAULINE CLARK, LABOUR STAFF

RESUMED TALKS between employers and union leaders in their promise to discuss the national bread strike broke after an hour yesterday amid mounting bitterness and frustration.

During talks under the umbrella of the Advisory Conciliation and Arbitration Service, employers' representatives, the Bakers' Food and Allied Workers' Union, and the National Union of Bakers' representatives, discussed their productivity proposals.

The talks were the first between the two sides since the start of the strike by more than 20,000 bakers workers nine days ago.

Hopes, however, that agreement might be reached through an improved pay offer from the Federation of Bakers appeared to founder at the outset.

Even before joining the talks, Mr. Sam Maddox, the union's secretary, made clear that employers would have to meet the 25 per cent pay demand in full for any progress to be made.

Mr. Maddox, meanwhile, said he could no longer accept a £2.65 weekly wage for his members. 'We will not come running back to the employers again.'

The federation said yesterday that another 200 bakery workers had returned to work, bringing the total defying the strike call to more than 3,000. Mr. Harold Walker, Employment Minister, said this week that the combination of strike breakers, management efforts and extra work by independent bakers was maintaining the country's bread supplies at 95-100 per cent of normal levels.

Most union members are, however, still supporting the strike and the position will be complicated at a special union delegates conference in Birmingham on Saturday.

Moves are expected to be made to discipline strike breakers although the federation has given a warning that it will continue to employ any union member who forfeits his union card for working during the strike.

It will also discuss the terms of the employers' previous productivity offer, which appear to have given rise to the greatest disagreement.

The union's proposals for working during the strike, a 5 per cent increase in basic rates and 6 per cent through productivity. They have hinted how management night workers where ever that that may not be their agreed locally between employers and unions.

After the talks broke down, Mr. Michael Rogers, director of the federation, said: 'We told our members that in any arrangements reached at the time they were deliberately misled and of last year's strike will be representing our proposals, so assured.'

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PARLIAMENTARY POLITICS

Healey stands firm on 5% wage policy

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT intends to pursue its 5 per cent wages policy honestly and courageously as the interests of the nation as a whole, despite the fact that it is not a simple matter to reach agreement with the TUC. Mr. Denis Healey, Chancellor of the Exchequer, told the Commons.

The Chancellor was given a comparatively easy ride as he explained to the House the reasons for the final breakdown in negotiations with the TUC the previous night.

Putting a brave face on events, he continuously emphasised that the proposed statement on collective bargaining, costs and prices had been accepted by the economic committee of the TUC and by many of the most influential trade union leaders on the General Council.

At the same time, he stressed that there could be no question of the Government making a second attempt to negotiate the agreement with the unions.

He also made great play with the fact that statements of support for the Government had been made yesterday by Mr. Tom Jackson, TUC chairman, and Lord Allen, chairman of the TUC economic committee.

The Chancellor rejected an attack from Sir Geoffrey Howe, Tory shadow Chancellor, who claimed that the "myth of the social contract" was the very foundation of government policy, had now been finally and totally destroyed.

He also rejected demands from Mr. David Steel, Liberal leader, and Mr. John Paddoe, Liberal economic spokesman, that he should now come to the House and attempt to get support for a full statutory incomes policy. Throughout the exchanges, Mr. Healey emphasised his belief that the people of the country were firmly behind the Government's wages policy.

With a touch of his old ebullience, he described Sir Geoffrey as "the sheep of the Baskervilles," and declared that a firm pay policy was the best basis for the attack on inflation and we know this view is shared by the great majority of people.

The criticisms from the Government's own Left wing were comparatively muted. Mr. Healey concentrated on warnings of the electoral consequences if the Government continued the firm control of money supply and public spending, and thus increased the number of unemployed.



SIR GEOFFREY HOWE

The Chancellor, however, took a fairly cautious line on the scope for monetary and fiscal measures in the absence of an agreement with the unions.

"The case for tighter monetary and fiscal policy will not exist unless there is the sort of wage explosion we had three years ago."

"But if we did have such an outbreak, the Government would have to accept its responsibility to the nation."

In the use of monetary policy, he said he was "far more of a charitable Christian" than Mrs. Margaret Thatcher, whom he likened to Turpin, the head of the Spanish Inquisition.

The Chancellor was pressed by the Tories to say what the policy would now be on the use of sanctions against companies who break the 5 per cent pay guidelines.

Mr. Healey said the Government would be discussing the matter of sanctions with the CBI, but with a view to extending the scope of anti-inflation provisions.

Sanctions would still be there, although there was a need to get fair treatment for Government contractors, at the same time as achieving an effective counter-inflation policy.

Nevertheless, he hinted that if necessary, the Government would be prepared to use sanctions against firms.

Pressed on this point, he said: "As soon as we know what settle-

ment is made, we shall tell the House of what sanctions, if any, we propose."

"The House should not be under any misapprehension that if we get a settlement outside the guidelines, we shall use our discretionary powers in consequence."

Mr. Healey dealt gingerly with questioners who wanted to know what the position would be on the TUC suggestions for tougher price controls now that no agreement had been reached on pay.

He explained that the proposals in the document for extending the discretion of the Price Commission and securing the maximum interval between price increases were "not necessarily binding" in the present situation.

Mr. Healey said an important element was the agreement of the six representatives of the TUC to keep a close watch on progress towards the Government's inflation target, and to take appropriate action from time to time towards it.

He wanted to invite the CBI to meet the Government from time to time on a similar basis.

From the Opposition front bench, Sir Geoffrey Howe said that although the Conservatives favoured moderation in settlements, the Government's imposition of an arbitrary pay limit had been wrongheaded and counter-productive.

Did the Chancellor intend to apply the 5 per cent limit across the board and impose sanctions in every case against companies who failed to observe it? If so, would it not do more harm than good?

He also wanted to know the Government's attitude towards the proposed extension of the Government's price controls to any tightening of price controls would now be on the use of sanctions against companies who break the 5 per cent pay guidelines.

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Ministers attacked over Europe

BY IVOR OWEN

ATTITUDES DROPPED by Ministers in the House of Commons have resulted in Britain being effectively relegated to second-class status within the EEC, Mr. Douglas Hurd, a Conservative spokesman on foreign affairs, claimed in the Commons last night.

He cited the conduct of the discussions on the proposed European Monetary System, which had clearly been dominated by Germany and France, as an example of Britain's "declining influence."

"I think this is a thoroughly disturbing development, quite regardless of the view one eventually takes on the EMS proposals," declared Mr. Hurd.

Objective observers were continually remarking on the slide in Britain's bargaining strength in Europe, he said, and that the "ambiguity" shown by Ministers in their dealings with the EEC was dominated by the basic division within the Labour Party over Britain's continuing membership of the Community, with the result that every member of the Government found it necessary to be seen to be looking at the door marked "exit."

Mr. Hurd was particularly angry at the fact that Mrs. Anthony Wedgwood Benn, Energy Secretary, and Mr. John Silkin, Minister of Agriculture—two of the leading anti-marketisers in the Cabinet prior to the 1978 referendum—had accused the Government of "selling out" on the Community.

Penalties and damage had been inflicted on British interests as a result, and worse still, they seemed to have affected their colleagues, so that even the Prime Minister and the Foreign Secretary were unable to set genuine criticism of Community policy to rest.

What had happened in the EMS negotiations, Mr. Hurd maintained, was that Ministers had allowed a twofold Europe to be created in which Britain was in the second class.

These charges were rejected by Mr. Frank Judd, Foreign Office Minister of State, who earlier announced that Parliament would be asked to approve the Government's 75 ECU contribution to the first direct elections to the European assembly on June 1 next year.

The proposals made by the Boundary Commission would show that the members of the European Parliament would be asked to approve the Government's 75 ECU contribution to the first direct elections to the European assembly on June 1 next year.

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TREASURY FORECAST FOR 1979

Economy is expected to expand—but more slowly

THE ECONOMY is expected to continue to expand during next year though at a slightly lower rate than during 1978, while consumers' spending and exports are likely to be the main forces behind expansion.

These are the main features of the new Treasury forecasts for the economy during 1979, published last night. The projections are disclosed twice a year and update those contained in the Financial Statement and Budget Report in April 1978.

expansion on goods and services the forecast is for an increase of 2 per cent between the second halves of 1978 and 1979, with investment steady and consumption continuing to rise moderately.

Inflation in 1978 benefited from the comparatively low pay increases in the 1978-77 pay round. It also benefited from the appreciation of sterling at the turn of the year, low food and commodity prices, reductions in the mortgage rate, and from the fact that expenditure tax rates were not increased. As a result the inflation rate (as measured by the increase on a year earlier in retail prices) came down from 13 per cent in the fourth quarter of 1977 to 7 per cent in the second quarter of 1978. Hence inflation has

been running below the current rate of pay increase by the end of the year. In the 1977-78 pay round there was a larger increase in wage costs than in the previous round, because of this, and because the factors benefiting prices in 1978 are likely to have a smaller impact in 1979, the inflation rate seems likely to edge up a little, reaching between 8 and 9 per cent in 1979. As a consequence of pay policy a lower growth of earnings is assumed from now on; part of the benefit will be felt in 1980, and the end of 1979. These are central estimates, based on the policy assumptions outlined above, but it must never be forgotten that the precise numbers in the table are at the centre of large ranges. Errors will arise from misjudgments in the accuracy of working estimates of economic relationships; from mistaken judgments about factors not allowed for in these relationships—quite apart from the possibility of changes in government policies.

Assessing margins of error is notoriously difficult, though the use that can be made of forecasts must depend on some assessment of the accuracy of the forecasts. There are always factors special to particular forecasts; in this case the difficulty is that with both 1978-based and 1979-based constant price magnitudes, the forecast is given by averages of the errors in previous official forecasts. These are set out in Table 3 and some of the complications explained in the accompanying technical note.

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After a major improvement in the UK terms of trade up to the first half of 1978, no great change is expected over the forecast period. The invisible surplus declined between 1976 and 1978, as a result of a rise in the value of exports of manufactures and a substantial deterioration in the interest, profits and dividends account. Not much change is expected in the level of the half of 1978 is expected in 1979.

In total the current account may remain close to balance in 1979, with a deterioration in the volume of net trade in manufactures being offset by rising oil production. It should be noted that the margins of error on the current account are noticeably large: errors of a billion pounds are liable to occur in either direction in the second half of 1979.

The Public Sector Borrowing Requirement (PSBR) in the current financial year is forecast at £28bn. At this stage of the year there are still major uncertainties about many important elements in the account, including the level of tax receipts from companies and households, and public corporations and local authorities. As a proportion of GDP at market prices, the PSBR in 1978-79 may be about 4½ per cent. Little change in this proportion seems likely in 1979-80, though the absolute size of the PSBR is forecast to rise slightly to £31bn. The likely margin of error is probably some £2-£3bn.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

POWER

Protects engines from rust

WATER IN diesel fuel is a major cause of damage and failure of fuel injection equipment. Because tolerances inside pump and injectors are measured in microns, corrosion caused by water remaining in the injection system quickly results in damage to and possible seizure of the equipment. Where equipment receives little preventive maintenance, and a casual approach to fuel storage results in contaminated fuel, the cost, both in repairs and plant downtime can be considerable.

Lucas CAV has a new water/diesel separator—the Waterstop—in which the separated water itself is used to shut off the fuel supply to the engine, preventing water reaching vulnerable components.

This sets over the problem that, however good existing preventive equipment may be, it needs regular servicing to be effective.

Waterstop is based on the CAV Sedimentor, which relies on the different specific gravities of diesel fuel and water to effect separation. The device is positioned in the fuel line, close to the fuel tank.

The filtration cone of the unit allows fuel over a large area, giving slow, even flow and allowing water—which has a higher specific gravity than diesel fuel—to be removed by a

process of sedimentation. Water collects in the bowl of the Waterstop, which is made of clear plastic to allow visual inspection of the water level. As the level of the water rises, a float incorporated into the bowl also rises—its specific gravity being less than that of water but greater than that of diesel fuel.

When water collected in the bowl reaches a level where draining is imperative, the head of the float contacts a valve seat in the fuel outlet and cuts off the fuel flow, shutting down the engine before water can overflow the bowl and reach the pump or injectors. Once the shut-down has been effected the operator merely drains the water out through a drain tap at the bottom of the bowl. Releasing a second tap at the top allows the float to drop back, and the system can be primed up.

Waterstop units are made in the Lucas CAV production centre at Sudbury, Suffolk, and are available from CAV Parts and Service through all UK agents. The Waterstop "S" (the first model) is priced at £10 plus VAT and can be fitted to most machines in less than an hour.

Waterstop is particularly suitable for applications where no serious consequences might result from sudden engine cut-off, such as stationary plant and site equipment. Much of this type of plant is used on hire, and tends to operate with little day-to-day maintenance in circumstances where water contamination of diesel fuel is all too easy and common. For example, compressors, pumps, generating sets, and concrete mixers all fit into this category.

Further details from Lucas CAV, POB 38 Warrle Way, London, W5 7SS. 01-743 3111.

WELDING

Smooth power supply

RECTIFYING electrical supply units in four sizes suitable for hand welding, tungsten inert gas (TIG) welding, and some ancillary functions are available from ESAB AB.

By adding a gouging (metal removal) torch for example, the two larger models can also be used for air/arc gouging, a technique increasingly used for weld preparation, fitting (cleaning up) of castings and the cutting of

steel reinforcement rods in concrete. The four units have maximum welding currents of 250, 400, 630 and 800 amps and can be supplied as mobile units with a choice of twin solid rubber or pneumatic tyre wheels, or a four-wheeled articulated chassis.

Current setting is stepless and thyristor controlled, allowing adjustment even during welding. A balanced starting surge coupled with a relatively high open circuit voltage (65 to 80 volts) simplifies striking and re-striking of the arc. Automatic current adjustment drives electrode sticking and allows easy paring should it occur.

More from ESAB, S-402 70 Ginterborg, Sweden.

Tomorrow, the Concorde and the Turbotrain will be recognized as pioneering landmarks in the history of transportation. The Concorde is already flying at Mach 3.05, and the Turbotrain has been tested at over 300 km/h.

By putting travelling time in half, both already belong more to the next century than to this one. And both are equipped—in critically important positions—with tapered roller bearings. The landing gear of the Concorde and the main transmission and wheels of the Turbotrain

all turn on Timken bearings.

But you don't have to build a Concorde or a Turbotrain to benefit from our 75 years of tapered roller bearing experience.

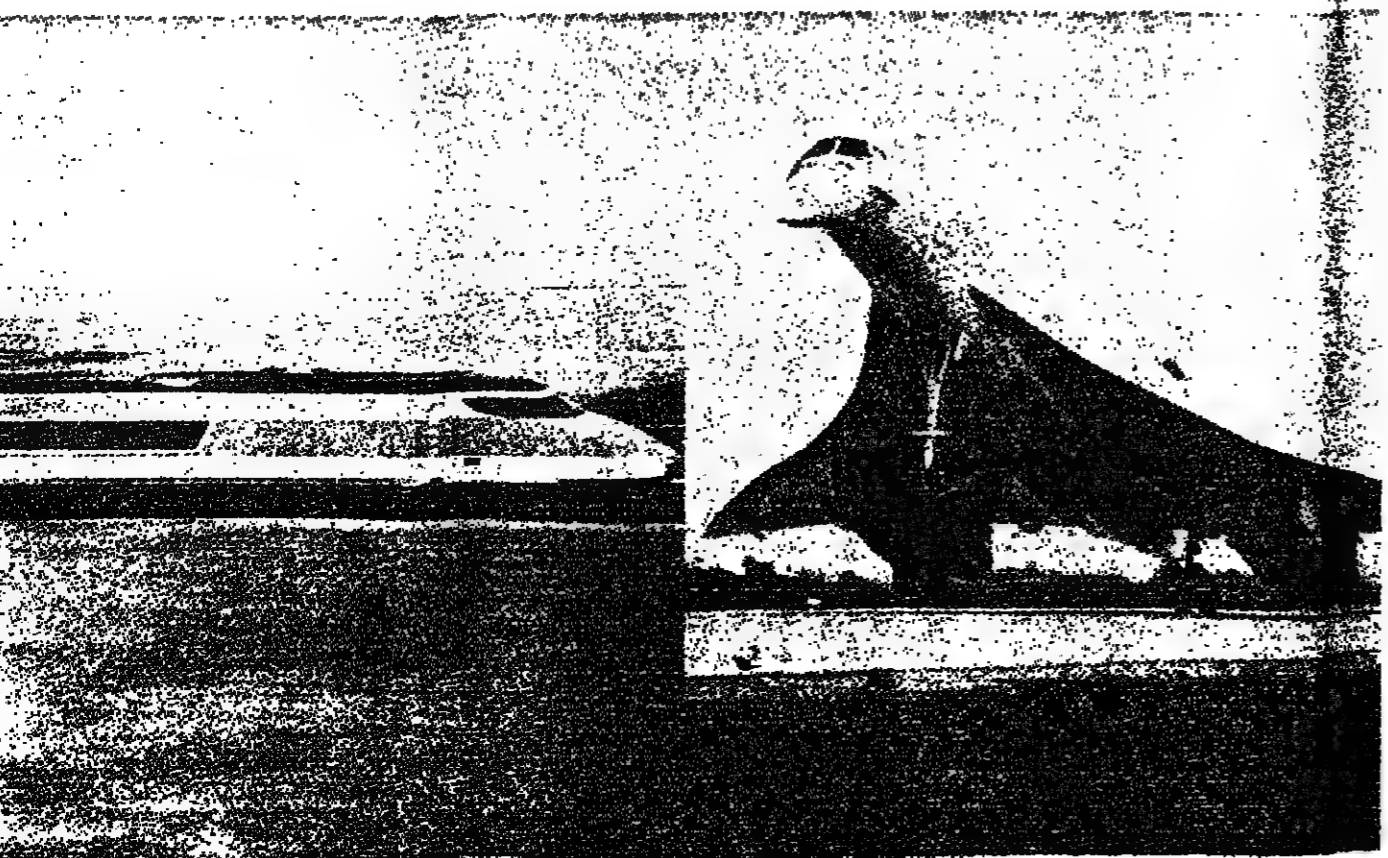
We have 23,000 people working in our worldwide organization, and one of them is especially important to you: The Timken Company Sales Engineer assigned to your area. Contact him to see how—by working together on new designs—the best bearing arrangement for your application can be achieved.

That way, as with Concorde and the Turbotrain, we both take a step forward.

Timken bearings sold around the world. Manufacturing in Australia, Brazil, Canada, England, France, South Africa and U.S.A.

TIMKEN
TAPERED ROLLER BEARINGS

Two steps forward in time



British Timken, Duxton, Northampton, England. Division of The Timken Company.

OFFSHORE INDUSTRIES

Plotting under the North Sea

PIPELINE FAILURES in the North Sea can cost as much as £2m to repair, without counting what pollution from escaping oil can involve in expenditure on containment and decontamination.

Yet, because the operating environment is so harsh and so little is known about conditions hundreds of feet below the sea, breaks are inevitable and are likely to be more frequent as time goes by.

A major reason for this is that in the rush to develop resources, corners were cut—often unwittingly—and the price has to be paid.

It is not well understood yet that in some areas of the North Sea there are huge patches of deposits which are little harder than toothpaste—but can be 80 to 100 feet thick. Underlying them there can be deep beds of clay not so stiff as the well-known "London Yellow" clay.

It follows that anchoring and/or bedding-in the drilling and production rigs can be a civil engineering nightmare. The need for a thorough and detailed seismic work, such as that provided by Bliksem Geophysical Services, prior to rig site selection, is obvious. This group, which has 40 expert staff covering disciplines from marine geophysics to biology and oceanography, already has 107 jobs under its belt though it was not formed till 1976. Many of these were in the North Sea, but the company has also operated in Brazil, the Bay of Biscay, Ivory Coast, Iran, the Mediterranean and Pakistan.

INSTRUMENTS

Easy grain water test

ONE OF the problems with the measurement of moisture in grain is the need to make corrections for the temperature of the product, which might be quite high as it leaves a dryer for example.

In the past this has meant modifying the readings from charts after taking temperature measurements, but now the company has devised Grainmaster III which does away with charts, sliding scales and thermometers, producing a direct reading in less than 15 seconds, the time taken for the sample to stabilise in temperature. While the instrument is compressed using a constant pressure device, the instrument then takes a conductance reading at a known temperature and standard compaction conditions.

In addition a new flush mounted, fixed electrode system enables the working surfaces to be easily kept clean and dry under site conditions.

Protimeter Grainmaster III measures moisture between 9 and

30 per cent at temperatures between zero and 50 deg C. Its dimensions are 200 x 160 x 175 mm and the weight is 580 grams.

Master House, Fieldhouse Lane, Marlow, Bucks, SL7 1JX (04924 72722).

Both instruments are independent of leads and cables as they do not operate on the mains. Answers are given by sight (lamp) and sound (buzzer).

Production has just begun at Pama Products, Kibbutz Mishmar Hanegev, Mobile Post, Hanegev, Israel.

The first, the Politester, is a multi-purpose probe with a range of uses from continuity testing, through to the detection of industrial workers, the CEL-183 noise monitor from Computer Engineering will provide a complete noise survey capability in one package.

This instrument performs the functions of a traditional sound level meter, but also calculates equivalent continuous noise levels.

It provides, simply and clearly, a result that can be compared directly with the Health and Safety At Work Act recommendations without extrapolation or calculation and to an accuracy that satisfies the relevant BS, IEC and ANSI standards.

The recommendations lay down an upper limit for noise exposure as 90dB(A) for eight hours. By using this new integrating sound survey meter to check any area thought to be potentially hazardous, the maximum exposure of any employee working in that area can be easily determined.

In the past it has been necessary to employ a sound level meter and a noise dose meter to achieve these results.

CEL-183 can, when required, be operated as a conventional sound level meter and provide measurements of the instant variations in the noise pattern as it occurs. Simultaneously, the meter will calculate equivalent continuous noise level throughout the monitored period so that when it is switched, the latter result will be immediately available as well.

Computer Engineering, Wallace Way, Hilt-bin, Herts, SG4 5SE. 0482 82731.

trench considerable stresses can be set up. Work carried out in one particular area of the North Sea has shown the presence of a deep trough—probably created by a river draining glacier melt-off during the last ice age—with sharp sides, exactly where one of the legs of a platform should go for most economic siting.

The danger of sticking to the site and building up a "long leg," so to speak, is that some types of marine deposit are sensitive to vibration and show thixotropic properties such that they could flow away from leg foundations possibly creating instability.

Because of the chapter of accidents around Eric the Red, the group is likely to become still more involved in environmental work than at present, particularly as the major pipelines are linked to on-shore installations.

In this, the studies of the North Sea and of oil spill characteristics, the latter carried out for the OECD, will serve as an important precedent.

Meanwhile it is sad to record that no agency exists within the EEC to co-ordinate and disseminate the information now accumulating on undersea conditions in the North Sea and the western approaches despite the importance of the Continental Shelf to the future existence of a whole.

Bliksem Geophysical Services, Baltic House, 35, South Quay, Great Yarmouth, Norfolk, NR30 2RG. 0493 59634.

The second, the Combi-Sensor, is a sister product with a built-in sensor which detects as and fluctuates in dimensions without direct contact with the source, even through insulating coatings.

It will sense grounding defects of electrical equipment and appliances, as well as electromagnetic fields.

Both instruments are independent of leads and cables as they do not operate on the mains. Answers are given by sight (lamp) and sound (buzzer).

Production has just begun at Pama Products, Kibbutz Mishmar Hanegev, Mobile Post, Hanegev, Israel.

One package gives noise exposure

INTENDED SPECIFICALLY to serve the new industrial safety committees and others responsible for the health and safety of industrial workers, the CEL-183 noise monitor from Computer Engineering will provide a complete noise survey capability in one package.

This instrument performs the functions of a traditional sound level meter, but also calculates equivalent continuous noise levels.

It provides, simply and clearly, a result that can be compared directly with the Health and Safety At Work Act recommendations without extrapolation or calculation and to an accuracy that satisfies the relevant BS, IEC and ANSI standards.

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Computer Engineering, Wallace Way, Hilt-bin, Herts, SG4 5SE. 0482 82731.

CONSTRUCTION

Window frames from Denmark

DESIGNED TO withstand corrosion and ageing is a Danish-designed plastic window frame now available in the UK from Primo Window Systems, Cannon Street House, Lion Lane, Lincolnshire LN11 9NP (0507 2158).

The frame and casement is assembled from substantial extruded multi-chamber profiles entirely moulded in Hostalit Z, which is a high impact-resistant plastic mixture based on PVC and chlorinated polyethylene. The frames are fitted with aluminium insertions for extra rigidity. They are available in three colours—brown, white and grey.

The company says that the special material offers high sound and weather insulation, stability, and strength. Frames made from it will not shrink or swell.

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Amis Rd. Bechwood Esf Nottingham.
Tel: 05381.

METALWORKING

Cuts and bends tubes

A SAWING installation that will reduce the material feed rate sharply before contact is made with the length gauge, so that set up—nearly all adjustments being made with a single Allen key—against graduated scales—says Addison Tool Company, Westfields Road, Acton, London W3 0RE (01-993 1861).

The machine is called the Self Brown and can be programmed to cut stock lengths of tube into two different component lengths, automatically working from a bundle of random lengths.

Because of its facility to cut each tube into a number of long and short pieces, says the company, this permits customers to plan their output to achieve maximum material utilisation.

To ensure repetitive cut length accuracy, sensors automatically

reduce the material feed rate sharply before contact is made with the length gauge, so that set up—nearly all adjustments being made with a single Allen key—against graduated scales—says Addison Tool Company, Westfields Road, Acton, London W3 0RE (01-993 1861).

Both ferrous and non-ferrous tube can be processed, and output rates up to 1,500 components per hour are possible.

Also announced is the company's Powerbender III mandrel type tube-bending machine. This is aimed primarily at companies undertaking in-house tube manipulation for the first time, but is said to be ideal also for any one requiring batch production or a back-up for mass production machines.

Maximum capacity is 50mm and the powered head is arranged for left- or right-hand bending.

MATERIALS

Flat glass for circuits

MORE COMPLEX circuitry is being achieved all the time by producers of conductor integrated circuits with use of projection printing techniques that rest on high precision photo-masks.

To help avoid ruinous defects in masks that would carry through to finished devices, these masks must be flat and exhibit low thermal expansion, among other properties.

Corning, supplier of mask substrates, reports a flatness capability of 2.5 microns over a surface more than 10 centimetres in diameter, using a glass composition with a minimal thermal coefficient of expansion.

The flatness specification of 2.5 microns is equivalent to making a 100-metre square mirror that is flat to within 2.5 millimetres from side to side.

The expansion parameter means that if the 100-metre mirror were heated one degree Centigrade, its 100-metre length would not increase more than 4.8 millionths of one metre.

Made from the company's Code 7059 borosilicate glass, the substrate is nominally alkali-free and can be ground and polished with virtually no surface imperfections but still meets flatness specifications.

These characteristics, reduced possible defects that might be induced by the substrate in whatever film, such as copper, is used for a mask pattern. Moulding alkali ions, for example, can cause "pinholes" defects in a mask when using a substrate that is not alkali-free.

Corning Glass Works, Corning, New York 14830, U.S.

SECURITY

Sees but is unseen

DESCRIBED by the maker, Photo-Son, as a "discreet closed circuit television surveillance system," Videoglobe has been designed for use where appearance is important, overt operation is undesirable, and detection is not a factor.

Videoglobe cameras are completely enclosed in 18-inch diameter, mirrored glass globes, hand blown for maximum clarity, and internally coated with a mirror film. The system gives a very high definition image even in areas with illumination as low as 100 lux.

required, low light level cameras can be used. The number of cameras in an installation, areas of surveillance, fields of view, and scanning modes are known only to the management of the establishment and its key personnel, and these factors can be completely programmed in 24 hours if necessary.

The company says that the discreet nature of the system, combined with its high-contrast appearance, makes it ideal for use in embassies, museums, art galleries and theatres where overt surveillance could give offence.

Dolphin Estate, Windmill Road, Sunbury, Middlesex TW16 2GG (Sunbury Station 59741).

PACKAGING

Boxes made on the spot

ONE OF the packaging systems now on show at the International Packaging Exhibition in Paris, has been devised for the user who does not require more than 10 packs a minute.

Based on the company's Compact range the latest box and tray vectors can be simply operated by semi-skilled people and, at full speed, make up to 10 boxes or trays a minute.

The machines are mobile and easily moved from one production point to another and, in most cases, can be run off a single-phase power supply.

They are at present being supplied to use in the clothing, light engineering, bakery and other food industries.

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COMPONENTS

Fire finder on a chip

AVAILABLE from National Semiconductor is a fire detector kit consisting of the one picomamp field effect transistor NSS301 as the sensing element and an integrated circuit, newly introduced, containing the necessary detection circuitry.

For detection systems, the kit will sell in OEM quantities, for about 50p.

The company says that rather than integrating all the functions that anyone might ever need on a chip it has instead reduced the cost and increased the reliability by incorporating only the essentials: comparator and amplifier circuits, low battery level detection and the oscillator and bias circuits. National is at 381 Harpur Court, Home Lane, Bedford MK40 1TR (0234 21282).

PERIPHERALS

Agile head on printer

TWO NEW machines from Denison Data Computer, the 2240 line and receive printing terminal and the 6540 receive only serial printer, make use of a microprocessor to improve the quality of the 9 x 7 matrix printing head.

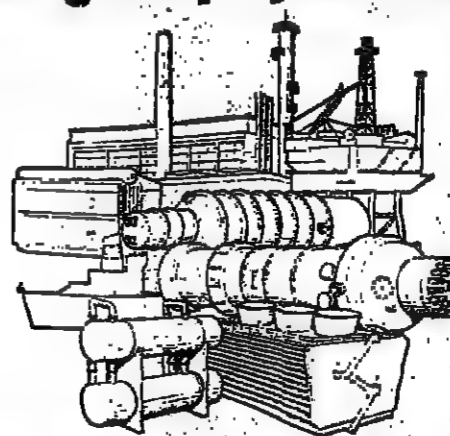
The machines print in both directions under program control, eliminating the time lost in carriage returns. Improved speed is also available through the use of horizontal and vertical line under micro control, and the head can "skip" immediately to a text start point and pass quickly over unused spaces. Resulting print rate is over 120 characters/sec.

Standard pin-fed or single multi-part forms ranging from 25 to 15 inches in width can be handled and the print lines, spaced vertically at six lines per inch. Both machines have plotting ability and are described by the company as "extremely quiet" in operation.

Windmill Road, Sunbury, Middlesex TW16 2GG (Sunbury Station 59741).

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He'd never been in my car before and was obviously impressed by the deep plush seats, air-conditioning and quietness of the six cylinder engine.

"How much did it cost?" he asked, in that direct way Americans have.

I had been anticipating the question.

He had been silent since the start of the journey but it had been one of those silences that spoke louder than words.

I had seen him stroking the seat, then casually squeezing it as one might test the freshness of a loaf.

Twice he had turned in his seat to look at the back of the car and I noticed that on both occasions his returning gaze had lingered on the sun-roof above our heads.

As the car negotiated the rush hour traffic, he settled back in his seat and stretched his legs, extending his toes as if to test the leg room. A second or two later he turned to me and asked his question. We had a long journey ahead of us and I felt a little gamesmanship might pass the time.

"How much did it cost?" I echoed. "Why don't you try and guess?"

He smiled. "I've no idea how much Volvos cost."

"No, but you know how much your own car cost - if you get within £500 of the price, I'll buy dinner tonight."

He had sat up, interested in the game.

"Right," he said, "I'll need a few clues."

He took from his pocket a small notebook, beautifully bound in calf leather and a black Mont Blanc pen. He was, apparently, no stranger to quality.

"Well, the car is the Volvo 264 GLE" I began. "It's the best 4-door saloon car that Volvo make."

I felt rather vainglorious positioning it in this way, but to be fair it seemed a piece of information he should have.

"It has a 2.7 fuel-injected V6 engine with an output of 148 bhp," I continued.

He looked up from his notebook and smiled. "It's very quiet," he said. "Very quiet."

We had by now reached the motorway and I slid my window up as we settled down to the long drive ahead.

It was a warm muggy evening and I blessed the fact that the car had air-conditioning.

"Is that an extra?" he asked as the air around us magically became cool and comfortable.

"No," I said. "It's a standard feature. I won't give you all of them or you'll get writer's cramp - but you ought to know the main ones."

He chuckled.

There was something about him that reminded me of Spencer Tracy, but I resisted the temptation to tell him so.

"The ribbed-velour seats are standard, so are the power steering, electric windows, steel sun-roof and tinted glass."

I hesitated for a moment, then went on with my list. "Metallic paint, electrically operated

door mirrors, headlamp washer/wipers, tachometer, a heated driver's seat..."

He interrupted and asked me to slow down. "Not the car, just the description," he added.

The motorway was now almost empty of traffic and the evening's humidity had turned to rain.

I always enjoy driving in the rain. The Volvo sits full square on the road and one wafts past slower traffic with almost feudal disdain. Of all the cars I've owned, none has made me feel more secure on a long journey.

"I'm ready for more dictation, sir." He had put on the accent of the young Judy Holliday and I began to look forward to an amusing dinner.

"Right," I said. "Just a few more I think." He looked up, pen at the ready.

"You get stereo speakers in the front doors, sun blinds on the rear window, head restraints on the rear seats, lights in the engine, glove box and boot, a clock, cigar lighter, radial tyres, fog lights, etc. etc. etc."

I delivered this last inventory in one breath and after a while he gave up the attempt to write them down.

"I get the picture," he said. "It's a very well-equipped car."

"Do you want to make a guess at the price?" I asked.

"Just two more questions," he said. "I assume you're talking about the price for the automatic model?" I nodded.

"And I'm taking for granted that all the usual Volvo safety features are built in."

"All present and correct," I answered.

He screwed up his face as if pained by the process of thinking. He felt the seat again; needing it seemed, a final confirmation of quality.

"Okay," he said. "I'd say you couldn't get this package for less than £11,000."

It was difficult to keep the satisfaction out of my voice.

"It costs £8,492," I replied.

He was silent for a moment, but only for a moment.

"You can still buy me dinner," he said. "If that's all you paid for this car, you can afford to."

I couldn't argue with him.

The Volvo 264 GLE.



Attendance bonuses can be an ill windfall

BY MICHAEL DIXON

SURELY I can't be the only gravity. Try breaking that, first hoary-headed employee whose accidentally and then deliber- mind is reeling at the recent ately, and see if there's any denunciations of attendance- difference in the results. bonus schemes, of the type pro- As it happens, man-made posed at Ford Motors, as rules are usually more benevolent in that they stipu- late certain circumstances as of offering extra money to qualifying for exemption from penalty, and leave room for encourage good timekeeping adjustments in the light of and continuity of work, seems far too ordinarily human to fit such haughty terms.

Perhaps, as employers are saying, people should honour their moral obligation to go to work regularly and on time as part of the service they provide in return for their normal pay. But the practical fact is that some of them don't.

Perhaps, as trades unionists are saying, such schemes could result in a worker's being penalised for a breach of the rules which arose by accident: for example, through being delayed by traffic. But that is a flaw which marks virtually all rules which entail penalties for those who break them.

Goodness knows what would have happened if, before acting to discourage undesired be- haviour, human societies had waited until they could formu- late laws which of themselves based on ethical and political automatically exempted from penalty any offence which was accidental rather than forese- able. It may be significant to the trades union objectors that the natural rule held up by Karl Marx as a model for regu- lations governing human behaviour, was the law of answer is no.

Take for example the scheme at the Manchester manufactur- ing company where I worked 20 years ago as a sales cor- respondence clerk. As far as I can remember, my basic pay was £10.37 for a five-day week. But for arriving by 9 am each day, I was rewarded with an extra 12p, raising the weekly total by 62p to £11. The full bonus was therefore 5.7 per cent of my gross, which is apparently rather more than the percentage proposed at Ford Motors.

As for penalties, provided one was late no more than two mornings in any week, the only sacrifice was the 12p for the day of arrival after 9 am. But three days of lateness was enough to lose the entire bonus. What, apart from illness or catastrophe, were the legiti- mate exemptions of that scheme. I neither knew nor cared. Having no car, and liv- ing 18 miles away, my only way of getting to work when I joined the company was by rail.

Arriving by 9 am meant get- ting up at five past seven, to catch the 7.33 which, with the aid of a lift from the exemp- lary sales manager, got me into the office ridiculously early at 8.30 am. Nevertheless, since the next train would have got me in ridiculously late at 9.30, I achieved the above dawn start every day for my first four months with the company and in the pre-work half hours became probably one of the

best desk-top football players of the age. Then temptation set in. A man who lived across the road changed jobs to work with a company roughly two miles distant from mine. He had a car and started out at 8 o'clock, and was happy to provide a lift in return for a contribution to the running cost.

This alternative, means of travel offered me a precious extra half hour in bed. But it left me two miles short of my destination with at most 20 minutes before the factory gate became blocked by the uniformed keeper who with merciless eye and indelible pencil, recorded the names of all latecomers.

Breathless
By legging it quarter of a mile from my friend's factory to the main road, catching a bus, and then running a further 660 yards I could, if all conditions were favourable, scrape past the closing gate. But the chances of doing so were 50/50 at best. Nevertheless, I decided that the extra half hour's sleep was worth the breathless risk. So for the remaining two months before I left for another job, I never again drew my full week's attendance bonus, and only rarely received any of it at all. Nor was I the only person in my section whom the bonus failed to beguile. The time- keeping record of a colleague called Vernon was even more

blotchy. But he was not a fel- low lie-abed. He was up sharp at seven every day. His weak- ness was—in his own phrase—that having risen, he “just dawdled.” And he valued the dawdling at more than 5 per cent of his gross potential earn- ings.

So in spite of the bonus, which must have cost quite a lot to administer, two-out of about a dozen people in my section could not be relied on to turn up on time. Which surely sig- nifies that the scheme was un- successful.

On reflection, I think that the fundamental flaw was that, whereas the threat of the sack for lateness would have got me, at least, to work on time almost always, the conditional pay- ment enabled me to make an economic decision about the value of my early-morning indulgences. And since even 10 minutes lie-in is a luxury to a dedicated sleeper, I doubt that Ford can expect to achieve any profitable increase in prompt- ness and regularity by a bonus of about 5 per cent, especially if the supplement is to be taxed.

Given that sterner discipline for offenders is no longer en- forceable, the inducement of a worthwhile improvement in timekeeping and continuity would surely require a condi- tional payment representing a much higher proportion of potential earnings. Which in itself might run an employer into difficulties of another kind. There is some evidence from

research studies that supple- ments for incidentals such as punctuality and long service, tend to be viewed by employees as quite different from the pay they receive for their real work. In consequence, if the incidental payments are allowed to rep- resent a relatively significant share of total earnings, workers can soon come to feel that their serious labours are badly rewarded.

Mayhem

An example is the mayhem that broke out a few years ago at a big works near Liverpool. Faced by high labour turnover, the managers added a generous long-service bonus. The turnover rose. They added a further loyalty bonus. Turnover rose again. They kept on piling more into incidentals, and soon the turnover was nearing the point where the factory would have needed casino croupiers to deal with the two-way torrent of National Insurance cards.

So they called in research experts from Manchester Busi- ness School who traced the exodus to mounting dissatis- faction with basic pay, which sent the workforce chasing after higher basics elsewhere. Even though the total potential earn- ings were lower.

All in all, therefore, it may be that in the matter of atten- dance bonuses the management and unions of Ford are struggling over an ill windfall that would nobody any good.

Start early
If being congealed in a traffic jam was not among the stipulated exemptions, people plagued thereby could press for their disadvantage to be included. Meanwhile, however, the car-going fraternity who wanted their punctuality pay- ment could always leave home a bit earlier.

All this is sadly less than perfect. It is true. But such is the way of the world in gen- eral, and of attendance-bonus schemes in particular. Nor can I see any sense in trying to deny it by idealistic arguments based on ethical and political philosophy.

The only sensible question is whether or not such devices work so as to ensure the extra degree of promptitude and the natural rule held up by Karl Marx as a model for regu- lations governing human behaviour, was the law of answer is no.

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positive contribution to the group's activities is required. Head office is in Central London. Remuneration will be negotiable around the level indicated and substantial fringe benefits including a car will be provided. PA Personnel Services Ref: A2261664/FT. Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting this reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services

Hyde Park House, Knightsbridge, London SW1X 7LE Tel: 01-235 6060 Telex: 27874



You could become a highly-paid Merrill Lynch account executive dealing with international stocks and bonds.

In your late 20s, early 30s? With a good degree, preferably in Business Administration, Business Studies, Economics or Law. Most likely 'international' by upbringing or birth. For example, you may have been educated first at Oxford, and then at the Sorbonne. Fluent in English, of course; and, ideally, in one or two other languages as well.

Ambitious. A self starter. Successful in your present job. 4-5 years' experience in a financial field. Alternatively, you could be a rising star in marketing

or a similar sales environment. Could this be you? If so, there should be a place for you as an international Account Executive in London. After six months intensive training you will become responsible for providing Merrill Lynch clients with excellent service and advice regarding their finances - especially investments in US and Eurodollar markets.

Please write, giving details of your career to date, to Roger Davis at: Merrill Lynch, Pierce, Fenner & Smith Ltd., Time Life Building, 155 New Bond Street, London W.1.

MERRILL LYNCH, PIERCE, FENNER & SMITH LTD
Licensed Dealers in Securities

Financial Controller

Newly established UK company

A leading Japanese corporation has recently formed a new UK subsidiary to import a range of high quality electronic equipment and to sell this to domestic and industrial markets. A young financial controller is now required to join the newly established management team.

Reporting to the Managing Director, the financial controller will primarily be responsible for developing the accounting function within the UK company. This will entail setting up new systems and procedures and providing information for management relevant to the company's business and projected growth. Because the company is in the early stages of development, the financial controller will also have specific executive responsibilities including administrative and secretarial work and advising on issues of a general management nature.

The need is for a qualified accountant, experienced in systems development (including computer applications), with a commercial outlook and a flair for administration. Age: early thirties.

Remuneration: up to £9,000 plus car and other benefits. Location: South Hertfordshire.

Please write in confidence to FJ Hall (Ref 218F).

Thomson McIntock Associates 70 Finsbury Pavement London EC2A 1SX T.M.E.L.

SCANDINAVIAN BANK LIMITED

We require a Norwegian Manager who must be an experienced international banker to participate in developing the bank's business in the Norwegian market.

Responsibilities will include the marketing of the bank's services in Norway to industrial and commercial companies, as well as building-up and maintaining an ongoing relationship with customers in the public, private and financial sectors and with other institutions.

The successful applicant will be a graduate between 30 and 40 years of age and must be able to conduct business in both English and Norwegian and have a very thorough knowledge of Norwegian industries, commerce and finance.

A sound knowledge and experience in euro-currency lending and its back-up procedures is essential, together with the ability to assess accurately credit risks.

Further information relating to this vacancy can be obtained from Peter A. Simonsen, Assistant General Manager, Norwegian and Shipping Department (01-709 0565).

An excellent salary and the normal fringe benefits appropriate to a manager's appointment in an international bank will be offered to the successful applicant.

Applications and detailed C.V. should be forwarded to:

H. E. Child, MBE
Personnel Manager
SCANDINAVIAN BANK LTD.
86 Leadenhall Street
London EC3A 1BB

YOUNG FINANCIAL ANALYSTS

Hayes, Middlesex neg. to £9,000

A subsidiary of a large U.S. corporation, our client, which is engaged in the manufacture and marketing of an extensive range of specialist products has an exceptional record of sustained growth in a competitive market sector.

To assist in the monitoring and planning of the company's growth throughout Europe, the company now seeks to recruit two Analysts, to join a highly motivated function. Responsibilities will be broad, and the successful candidates will have an excellent opportunity to develop sophisticated analytical skills in a demanding environment.

Candidates for this appointment will be qualified accountants or business graduates, with around 18 months post qualifying experience in industry or commerce. Able to communicate at all levels, candidates should have a strong personal presence coupled with the commitment to succeed, and the ability effectively to interpret and react to financial information.

Success in this appointment will lead to prospects for advancement in either a financial or general management appointment.

For more detailed information and a personal history form please contact either Nigel V. Smith, A.C.A., or Peter Dawson quoting reference 2304.

Commercial/Industrial Division

Douglas Lambie Associates Ltd.
Accountancy & Management Consultants
410 Strand, London WC2R 0NS. Tel: 01-436 5950
121 St. Vincent Street, Glasgow G2 8PP. Tel: 041-226 2101
3, Concor Place, Edinburgh EH2 1AA. Tel: 031-223 7744



Management Accountant

Watford c. £8,000 + car

This position arises from the growth and development of a division within a major U.K. transport and related services corporation.

The division, which controls several individual subsidiary companies, is following a profitable growth path through both organic development and by acquisition.

As Management Accountant, you will participate in a broad range of financial activities covering cash management, budgetary controls, investment appraisals, acquisition proposals, corporate financial structures and first-hand guidance and assistance to subsidiary companies. This is a senior appointment and you will

be expected to make a major contribution to the development of the division. Prospects of career development within the corporation are excellent. Candidates should be qualified accountants with at least 3 years' post qualification experience in industry/finance, preferably with an M.B.A.

Ref: A8892/FT
REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to the Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-233 6060 Telex: 27874



A member of PA International



COMMISSION FOR RACIAL EQUALITY

EXECUTIVE OFFICER — FINANCE

The Commission for Racial Equality has a vacancy for an Executive Officer in the Finance Section of the Legal and General Services Division. The appointment will be a temporary one initially but approval for a permanent post is being sought. The person appointed will assist the Higher Executive Officer in the financial administration of all grants for self-help and other projects, the appraisal of financial proposals submitted by all applicants for such grants, the preparation of reports and recommendations of all requests for grant-aid, liaison with Community Relations Councils in respect of grant-aid, the scrutiny of accounts received from the recipients of grants, and any other duties that may arise from time to time in the Accounts Department.

Qualifications. Candidates should be experienced in financial administration, able to work up to trial balance and to correspond effectively and concisely.

Salary. The starting salary will be £3,297 per annum at 25 or over, rising by annual increments to a maximum of £4,579 per annum, plus an Inner London Weighting Allowance of £465 per annum.

Please write for application form and further details, enclosing a large self-addressed envelope marked "EO Finance," to The Commission for Racial Equality, 10-12 Allington Street, London SW1E 5EH. Please note that completed application forms must be returned to the CRE to reach them by 1st December 1978.



SOUTH AUSTRALIAN INSTITUTE OF TECHNOLOGY

Applications are invited for the position of:

HEAD OF MARKETING

in the

SCHOOL OF BUSINESS ADMINISTRATION

The successful applicant will provide academic leadership in Marketing and contribute to the management and development of the School as a whole. This is a permanent position, but a contract appointment is negotiable if required.

The School has a well established Bachelor of Business and Associate Diploma in Business both of which offer Marketing as a major option. Marketing is represented in the Graduate Diploma program and an extension of graduate studies in Marketing is proposed in the Master of Business Administration which is currently under consideration. The School has developed a strong consulting activity in marketing research.

The successful applicant will be eligible for consideration for appointment as Professor/Associate Professor.

ANNUAL SALARY (Australian):

Within the following ranges according to qualifications and experience—

Level I \$24,800
Level II \$25,837
Level III \$26,846

Application forms and conditions of service may be obtained from the Staffing Officer, South Australian Institute of Technology, North Terrace, Adelaide, S.A. 5000, to whom applications, including the names and addresses of three referees, should be forwarded.

Trader

S.E. Asia experience
London based

Must have done profitable two way business exceeding £1m per annum importing into the UK and other European markets from S.E. Asia and Far East. Package with basic salary and profit share negotiable over £20,000. Reference 127.

Write or telephone 01-499 2052.

Philip Egerton & Associates

Selection Consultants

178/179 Piccadilly, London W1V 0QP

CHANNEL ISLANDS

Managing Director for Trust Company

A private banking and financial group wishes to appoint a new managing director for its Channel Islands trust company. The trust company has a staff of fifteen who operate in a busy professional environment.

The ideal candidate, preferably aged between 30 and 45, will probably have a legal or accounting qualification and practical business experience. Sound judgment and administrative ability are required, together with the stature to command the respect of staff.

Previous trust company experience whilst desirable, is not essential but the successful candidate will need to be clear thinking and able to understand and develop new concepts. A substantial remuneration will be paid and assistance will be given towards local housing costs.

Replies should be sent to: Norton, Rose, Borewell & Roche (Ref RHR/C) Kempton House, Camomile Street, London, EC3, with a covering letter stating the name of any organisation to which the candidate does not wish the application to be forwarded. A comprehensive curriculum vitae should be enclosed.

FINANCIAL SUB-EDITOR

The Journal, the North East's morning newspaper, is looking for a Financial Sub-Editor to join a lively business team. The job will also include some financial and business reporting. The Journal is part of Thomson Regional Newspapers, and prospects are excellent. The starting salary will be up to £5,000 per annum.

Please apply to: Peter Stone, Personnel and Training Officer, Newcastle Chronicle and Journal Ltd., Thomson House, Tyne Road, Newcastle upon Tyne NE99 1SD. Newcastle 27006, Ext. 333/338.

Q.S. BANKING CONSULTANTS

seek people for the following positions

FX DEALER to £10,000

INTERNAL AUDITOR (ACA) £7,350+

P.A. EXECUTIVE £5,500

ACCOUNTS £5,500

STERLING DEALER to £10,000

RETIRED PERSON £4,500

FX INSTRUCTIONS to £3,700

LOANS ADMIN. TRAINEE to £3,600+

GENERAL BANKER to £6,000

CORPORATE LENDING OFFICER (graduate) to £9,000

Please apply to: Mike Pope or Sheila Ansell-Jones, 30, Queen Street, E.C.4, 236-0731

ACCOUNTS MANAGER

City

c. £10,000 p.a.

A major firm of Lloyd's Reinsurance Brokers with an international reputation and range of operations wishes to strengthen its executive team by appointing an Accounts Manager.

The successful candidate will be responsible for the control of a department of up to 30 staff operating a computer based multi-currency accounting system. The position requires maturity and leadership skills, with a firm but diplomatic manner, both in managing staff and liaising with other technical divisions. Relevant experience, preferably in the insurance industry is essential.

The rewards include a salary negotiable around £10,000 p.a. plus appropriate fringe benefits which will reflect the important status of this post. There are real opportunities for further career development in this expanding group.

Applicants, male or female, should write in complete confidence, giving full details of previous experience and current salary, to J. W. Hills, Human Inquiry Morish, Management Consultants, 40/43 Chancery Lane, London WC2A 1JF quoting reference C1320.



Financial Director

Major International Contract Furnishing Group

London W.1.

£12-£14,000 + Car

A new and vital appointment in a group poised for further rapid growth. Assume responsibility for the key financial management role • advising the Managing Director and the Board • initiating and implementing new financial control procedures • evaluating the group's performance • guiding its future • optimising the group profitability.

Our Client: A most successful, fast growing, UK based contract furnishing group operating multi-nationally. They have a substantial capital base and excellent profit record. Their continued growth is, however, dependent upon evolving more sensitive financial controls to assist with day to day management and in having sound financial advice on Group policies and general management decisions instantly available.

Your Challenge: Working closely with the Managing Director and the Board in assessment of company performance and forward planning. Initiating and implementing improved financial controls • MIS budgets and variance reports • cash management • computer applications.

Our ideal Candidate: A qualified accountant, aged 34-44 yrs with a wealth of practical experience in Financial Management • budgets • MIS. A knowledge of contract furnishing is desirable.

The predominant attributes we seek are: • capacity to work with a dynamic Managing Director • resourcefulness in leading people • financial and commercial acumen • imagination and creativity.

Your Reward: Attractive basic salary • executive car • Medicare • pension/life assurance • other very substantial benefits.

ACT NOW! For further information or an application form please contact the Group's adviser, Ian M. Barber, F.C.A. on 01-388 2051 or 01-388 2055 (24 hr. Answerphone, quoting reference 277.)

MERTON ASSOCIATES (CONSULTANTS) LIMITED
Merton House, 70 Grafton Way, London W1P 5LN
Executive Search and Management Consultants

Young Financial Analyst

Northern Home Counties

c £7,500

A dynamic personality for a fast moving industry.

Our client, a major ethical pharmaceutical producer is the third largest manufacturer of prescriptive medicines in the world, with interests in a wide range of human, animal and environmental health operations.

This newly created position will be responsible for the development and use of control systems in the analysis, budgeting and forecasting of marketing spend, as well as undertaking ad hoc projects which may encompass the whole spectrum of management control.

If you are the person we seek, you will have had substantial experience of cash management, including investment appraisal, budgetary control and strategic planning.

You will be an associate member of an accountancy institute with the strength of personality to establish credibility and confidence at all levels.

You will also be very interested in the prospects of progression and the handsome remuneration package offered by this progressive and expanding company.

Contact: Ian Couch, Luton (0582) 417562.
PER, 55-52 Park Street, Luton, Beds.
Applications are welcome from both men and women.

EXECUTIVE FINANCIAL CONSULTANT REQUIRED

We are an international corporation specialising in matters relating to finance. Our services are designed to assist our clients in increasing their cash flow, we therefore require people who would have an interest in discussing such matters with financial executives. Salary range is about £7,000-£8,000 per annum with usual holiday entitlement. If you feel you have some ability in this field and are looking for a change to a future, please telephone 052-0653 between 5 p.m. and 6 p.m. weekdays.

OVERSEAS VACANCIES in many fields. Details from Careers Overseas (A.C.) 30, Mary's Road, London, E 2 3J.
BRIEFS WANTED—full and part time instructors wanted for Scotland. Tel 01-240 1782. Peter King
ASSISTANT BANK MANAGER for Merchant Bank W. Salary £7,200 plus commission. Phone Mrs. Lee 01-209 1944 Lee Personnel Consultants Ltd

R. P. MARTIN & Co. LIMITED

International Money Brokers are seeking

EXPERIENCED DEALERS FOR LINK LINES

for Currency Deposits and Foreign Exchange European languages, especially fluent French, would be an advantage

Reply to:

Personnel Manager

36/40 Coleman Street, London EC2R 5AN

Jonathan Wren - Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

FOREIGN EXCHANGE DEALERS LUXEMBOURG

A well-established Luxembourg bank, currently expanding its Money Market activity, offers outstanding career opportunities to two experienced dealers.

FOREIGN EXCHANGE DEALER to £25,000
We seek a person with a minimum of four years' experience of exchange dealing in an active Money Room. While the emphasis is on spot dealing in major currencies, applications would be particularly welcome from those with experience in Middle Eastern currencies.

DEPOSIT DEALER c. £18,000
At least three years' experience of deposit dealing is required, including dollars and continental currencies.

The preferred age range for both positions is 28-32. Fluency in another European language, particularly German, will be advantageous although candidates willing to undertake language studies will also be considered.

To discuss these appointments in confidence, please telephone ROY WEBB

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

Group Chief Accountant

for a leading group in the field of personal investments and life assurance and related financial services.

- **RESPONSIBILITY** is for the overall management of the accounting function of the group through a staff of sixty, with the aid of a computerised system. This function comprises financial and statutory accounts and a comprehensive management accounting and control system for activities throughout the group.
- **THE JOB** presents considerable challenge due to the wide variety and technical nature of the work in an environment of continuous innovation and development.
- A **QUALIFIED ACCOUNTANT** is required with successful management experience at a senior level probably in the field of commerce.
- **AGE:** under 45. **Salary:** about £12,500 with a car. **Location:** the Greater London/Essex boundary.

Write in complete confidence to G. W. Elms as adviser to the group.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
12 CHARLOTTE SQUARE and EDINBURGH EH2 4DN

A new challenge for your Treasury Experience

Harlow £7500 +

ITT Components Group is a major manufacturer and distributor of electronic components. With headquarters in Harlow and nine operational sites throughout the UK, it operates worldwide, and to cope with growing demands on the Company's Treasury function it is now proposed to appoint a Banking Manager.

Based at Harlow and responsible to the Manager of the Credit and Treasury Department, the Banking Manager will be primarily concerned with the planning and control of cash flow in order to ensure adequate funds for company needs at all sites.

It will involve too level negotiation with banks and other sources of funds as well as responsibility for the cashier function, foreign currency transactions and export and import documentation.

The appointment is one for which a background in treasury work is essential, either within a large manufacturing company or perhaps with a merchant bank. Either way, an ability to conduct financial negotiations is required together with a good knowledge of export documentation, exchange control regulations and the foreign exchange market.

But financial expertise is not the only consideration. The man or woman appointed will be expected to possess the personality, managerial and administrative ability necessary to control, supervise and develop the treasury function. A degree or professional banking or accountancy qualification is also desirable and preferred age is 30+.

Salary will be £7500+ per annum according to experience and there are good company benefits. This is a challenging new appointment offering excellent future career prospects for someone with a thoroughly professional and responsible outlook on this important finance activity.

Write with full personal and career details to Mrs J. Sexton, Personnel Manager, ITT Components Group Europe, Edinburgh Way, Harlow, Essex. Tel: Harlow 26811.

Components **ITT**

Financial Accountant

circa £9,000 + car

Tricentral wish to recruit a Financial Accountant for their recently formed UK commercial trading subsidiary, Tricentral Industrial Corporation Limited. The appointment will be located at the company's City head office and arises because of increased demands being placed on the existing accounting staff. The subsidiary has a turnover in excess of £75m pa.

The Financial Accountant will report to the Financial Controller and in his absence will deputise for him. He will be mainly concerned with the preparation and review of monthly management information, the year end consolidation of subsidiary company accounts and the consolidation of the annual budget figures.

Successful candidates will be qualified accountants, capable of acting on their own initiative and will probably be in their late twenties. The appointee will offer sound post-qualifying accounting experience and preferably exposure to the use of EDP.

The position provides opportunity for promotion to Controller level within a period of two years. The commencing salary will be negotiated at circa £9,000 pa. A company car and non-contributory pension and medical schemes are provided. A generous contribution would be made towards removal expenses if the successful candidate had to move home to take up this appointment.

Candidates, male or female, can make application by quoting reference M/S 2432 and requesting a personal history form from Ashley & Phoenix, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 8SY.

Price Waterhouse
Associates

INBUCON

Company Accountant

KENT-TO £9,000

The company is part of a public group involved in the petrochemical industry. It is seeking to expand its operations and increase its turnover substantially above the £3m achieved now.

An able and qualified accountant experienced in cost and management accounting is required to join the executive team. Probably aged 30-40, the successful candidate will demonstrate the ability to lead and motivate staff in developing sound management information systems to monitor company performance by cost analysis and budget forecasts as a basis for accurate decision making. Previous experience in the chemical or allied industries will be an advantage but will not be a bar to someone with drive and initiative wanting to be involved in this challenging appointment.

Prospects are good within the group. A car is provided together with excellent fringe benefits. Please write briefly and in confidence to J. G. Battersby, quoting ref. 3713FT, saying how you meet these requirements.

INBUCON MANAGEMENT CONSULTANTS LIMITED
Executive Selection
197 Knightsbridge, London SW7 1RN Tel 01-584 6171

Senior Accountant for the Middle East

We're ORS, part of one of the largest employment service organisations in the world.

Right now we're looking for a Senior Project Accountant for projects in the Middle East.

The successful candidate will be responsible for the Accountancy management of initially two on-site industrial locations.

The post will involve routine accountancy including payroll, cost accounting and preparation of accounts up to trial balance.

You'll be required to liaise with clients and negotiate at a senior level, travelling to locations in the Middle East when necessary.

We're looking for a single accountant of UK Nationality with a minimum of 5 years' relevant experience and preferably FCA qualifications. Overseas experience is essential, ideally in the Middle East for a one year contract renewable.

The position calls for a self-starter who can be diplomatic with clients and at the same time be capable of supervising and appointing his own financial staff.

You'll have the ambition to expand with the company taking on an increasing degree of responsibility as our number of on-site locations grow.

The person we appoint will enjoy a highly attractive, fully negotiable salary and an extensive range of benefits, including free accommodation, medical, life and medical insurance, bonus at termination of contract plus 6 weeks home leave with return air fares.

Above all, you'll enjoy the challenge of a stimulating environment which will call upon your skills, your drive and your ambition.

Call Miss N. Frater now on 01-439 9481 for an application form, and to arrange a confidential interview.

ORS Services

37 Golden Square, London, W1R 4AL
London, Lausanne, San Francisco, Riyadh
A member of the Adia group of companies.

Business Manager

c.£11/12,000+Car
Age 30-35

The appointment is with one of the World's leading computer groups. Impressive company growth has taken place in recent years and is continuing.

Against this background there is a need to improve business forecasting, systems and controls. Negotiations with government agencies and a wide range of commercial organisations will also be undertaken.

A female or male graduate, aged about 30-35 who has gained sound experience at levels close to the boardroom for at least 3-4 years, possibly in a marketing services or operations management environment, would find this role attractive. A commercial background is essential but knowledge of computers is not critical.

The position is based in Central London and relocation expenses are available if required.

Please write briefly including home business telephone number in the first instance and in confidence to Charles Stewart, (ref: 917).

Alliance Management Consultants Ltd,
84-86 Baker Street, London W1M 1DL
Tel: 01-487 5761 (24 hours)

Alliance

South East Asia Research

Vickers da Costa Ltd. have a well-established and growing business in South East Asian securities with local offices in Hong Kong and Manila.

We are looking for an additional member for the research team covering this area to be based in London. The position is an important one and will involve regular liaison with institutions as to market and company trends as well as detailed research work and would suit a candidate with some years experience of the area. Remuneration will be competitive.

Apply in the first instance with a detailed curriculum vitae to:

Personnel Manager,
Vickers da Costa Ltd.,
Regis House, King William Street,
London EC4R 9AP. Tel: 01-623 2494.

GULF DEVELOPMENT CO. LTD.

The following are required for overseas projects, aged preferably under 40:

Mechanical Engineer with project management experience.

Negotiator with legal qualification.

3 Chartered Accountants or Economists preferably with merchant banking and negotiating experience.

Marketing Executive with administrative and negotiating experience.

Chemical Engineer with experience in the oil industry.

Agronomist

It will be an advantage for candidates to have previous overseas experience and additional qualifications including languages. Good salaries will be paid to the right person for each category.

Apply in confidence with curriculum vitae to The Secretary, Gulf Development Co. Ltd., 128 Park Lane, London, W1Y 3AE.

CHIEF INTERNAL AUDITOR FINANCIAL SERVICES

Wiltshire

To £10,000+Car and excellent benefits

Although our client commenced trading as recently as 1971 it is now recognised as the established leader in a major sector of the financial services market. Flotation took place in 1976 and the business has continued to expand with assets now exceeding £60m. The company clearly has a wealth of entrepreneurial and marketing skill with the finance function playing a significant role in the profitable development of its activities.

The basic task for the Chief Internal Auditor is to contribute to the creation of effective systems across the whole range of the company's operations. The function covers systems and computer audit and the current team consists of accountants and computer specialists.

Candidates, male or female, should be qualified accountants, probably aged 28 to 35, with a strong technical background in audit and computer systems. Although currently in commerce or public practice they must display proven management experience and ability.

The company is committed to a programme of expansion and is therefore able to offer excellent long-term career prospects in an attractive location allowing easy access to a city or rural lifestyle.

For more detailed information on this appointment and an application form contact Ronald Vaughan, F.C.M.A. quoting reference 2301.

Commercial/Industrial Division

Douglas Lymburn Associates Ltd.

Accountancy & Management Recruitment Consultants

110 Strand, London WC2R 0NS. Tel: 01-439 6501

121 St Vincent Street, Glasgow G2 8JW. Tel: 041-228 3101

3, Castle Place, Edinburgh EH3 7AA. Tel: 031-225 7744



FINANCIAL CONTROLLER EUROPE

West of London £15,000-£18,000 Neg.

Our client, the European Division of a large American corporation, is involved in marketing and distributing high quality reprographic and printing equipment. Backed by an impressive growth record, they are now establishing a corporate H.Q. in the UK to provide extensive management services to European operating units.

The Controller, reporting to the General Manager, will control a small staff of qualified accountants. Priorities will include development of management information systems on a European basis; provision of financial services and business reviews for operating units; co-ordination of reporting from marketing units and distributors; budgeting and long range planning.

Candidates, qualified accountants probably aged 35-45, will possess a successful track record in senior financial management. Exposure to an international environment is important as well as a forthright personality and the ability to motivate staff at all levels. Fluency in at least one European language, preferably French or German, is a necessary condition. Prospects are excellent within this fast expanding marketing orientated group.

For further information and a personal history form please contact Neville Mills ACIS or Kevin Byrne BA quoting reference number 2277.

Commercial/Industrial Division

Douglas Lymburn Associates Ltd.

Accountancy & Management Recruitment Consultants

110 Strand, London WC2R 0NS. Tel: 01-439 6501

121 St Vincent Street, Glasgow G2 8JW. Tel: 041-228 3101

3, Castle Place, Edinburgh EH3 7AA. Tel: 031-225 7744



GROUP SYSTEMS ACCOUNTANT

Bedfordshire To £9,000 + car

Our client is an international group, with a turnover in excess of £150 million, engaged in the manufacture and sale of industrial products.

Reporting to the Group Financial Controller, the successful candidate would be involved in defining the information requirements for a new data system, followed by the design and implementation. He/she will be responsible for co-ordinating the work of the financial and computer departments as well as working on various accounting assignments.

Success in this position could lead to promotion to a line appointment within the group.

Candidates, M/F, probably aged 26-32, will be qualified accountants with an in-depth knowledge of computerised systems relating to manufacturing activities. This experience will ideally have been gained with a progressive company or in a consulting role.

For detailed information and a personal history form please contact Neville Mills ACIS or Howard Angus BA quoting reference number 2307.

Commercial/Industrial Division

Douglas Lymburn Associates Ltd.

Accountancy & Management Recruitment Consultants

110 Strand, London WC2R 0NS. Tel: 01-439 6501

121 St Vincent Street, Glasgow G2 8JW. Tel: 041-228 3101

3, Castle Place, Edinburgh EH3 7AA. Tel: 031-225 7744



CHIEF ACCOUNTANT INTERNATIONAL METAL MERCHANTS

London SW1 c. £9,000 + car scheme

A leader in its field, our client is a firm of International Metal Merchants with a turnover in excess of £100 million.

It is now planned to strengthen the finance function through the appointment of a Chief Accountant. The successful candidate M/F preferably aged 25-35 will join a highly skilled team, supervising the preparation and analysis of management information and group accounts, as well as assisting in further developing existing systems.

Candidates will be qualified accountants with at least 3-4 years P.O.E. in a commercial environment. They will be able to communicate effectively with other management disciplines and have a self-motivated approach that will enable them to succeed in a demanding environment.

For further information and a personal history form please contact Neville Mills ACIS or Howard Angus BA quoting reference number 2306.

Commercial/Industrial Division

Douglas Lymburn Associates Ltd.

Accountancy & Management Recruitment Consultants

110 Strand, London WC2R 0NS. Tel: 01-439 6501

121 St Vincent Street, Glasgow G2 8JW. Tel: 041-228 3101

3, Castle Place, Edinburgh EH3 7AA. Tel: 031-225 7744



Jonathan Wren - Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

INTERNATIONAL INVESTMENT MANAGEMENT

This vacancy, with an international investment company, is an ideal opportunity for a young person to enter the active specialist area of Far-East investment. Candidates, in the age range 19-26, should have had fundamental training and experience in equity investment in international stocks.

Customer contact will be involved in a very high proportion of the duties. Fluency in German or French would be an advantage, and travel is a possibility in the future. Applicants are invited now with a view to commencing mid-January 1978.

Please contact: RICHARD MEREDITH

MONEY MARKET ADMIN.

Our client, a prominent North American banking and financial institution, wishes to recruit a thoroughly experienced person to the position of Supervisor, Money Market Administration. Candidates, ideally aged 25-35, should have a university degree, experience in an accounting or banking department, combined with thorough knowledge of Sterling Cash and Foreign Exchange administration. The responsibilities of the position include supervision of all accounting relating to the department's operations, control of liability and asset deployment, payments and all other money market administration. This appointment offers considerable potential for career growth.

Please contact: NORMA GIVEN

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

Project Financial Manager Petrochemical Contracting London & Algeria

This is a key financial appointment with Pullman Kellogg, whose position amongst the world's largest and most prestigious contractors in petrochemical and chemical plant has been achieved by a combination of technological sophistication and pioneering sound financial expertise. Based in Wembley, the Company is currently building and commissioning a £100 million Liquefied Natural Gas plant at Skikda in Algeria. It is for this project that it needs to recruit a Manager with proven experience of handling financial arrangements associated with major capital expenditure projects, preferably in the petrochemical contracting industry.

It is intended that the appointee will report directly to the Assistant Financial Controller, should take immediate and total responsibility for all the financial functions of the Skikda project including organising Letters of Credit, the provision of guidance and problem solving on Algerian tax matters and client liaison at the highest levels.

The Company feels that it is unlikely that men or women aged under 30 would have the necessary managerial and project financial experience for this position. The successful candidate will have a proven track record of handling significant financial responsibilities independently and in a demanding environment. About 50% of the manager's time will be spent in Algeria. The ability to converse fluently in French would be a distinct advantage.

Please write, in complete confidence, with career and salary progression to date, to: The Recruitment & Training Manager, Pullman Kellogg Ltd., The Pullman Kellogg Building, Stadium Way, Wembley, HA9 0UE.

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Board of Governors National Hospital for Nervous Diseases Treasurer

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Application form and job description from: The Personnel Department, The National Hospital, Queen Square, London WC1N 3BG.

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Mrs. Indira Brown, Ref: 19131/FT.

Male or female candidates should telephone in confidence for a Personal History Form to: LONDON: 01-734 6852, Sutherland House, 5/6 Argyll Street, W1E 6EZ.

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Salary will be paid according to qualification and experience but the post is unlikely to be filled by applicants currently earning less than £8,000 per annum.

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Male or female candidates should telephone in confidence for a Personal History Form to: MANCHESTER: 061-236 8981, Sun Life House, 3, Charlotte Street, M1 4HB.

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APPOINTMENTS ADVERTISING

IS CONTINUED TODAY

ON PAGES 32 & 33

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“Since 1970 in the UK there seems to have been, particularly in packaged goods, a constant decline in resources devoted to branding.

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“The advertising expenditure by the 35 top-spending grocery brands of 1970 had halved by 1977 in real terms.... In the food, drink and tobacco manufacturing industries, profits have declined at a rate comparable with the decline in advertising.

“There may be a minimum expenditure on mass-media below which advertising is uneconomic.

“Most of the brands from the 10 top-spending advertisers of 1970 were on television in 1977. But the average spending per brand had dropped 28 per cent.

“In real terms, about 90 per cent of people will have actually paid some attention to the average brand's 30-second commercial about once every six weeks. Is it really possible to sustain or build a brand on about four minutes' advocacy a year?

“The main pressures on manufacturers have come from retailers. And the way manufacturers have responded to these pressures has actually caused the crisis in branding.

“66 per cent of adults now agree that 'packaged products sold under a store's own name are as good as the well-known nationally advertised brands'. Only 11 per cent disagree.

“Unless the manufacturer devotes proper resources to adding values to his brands, it's hard to see why people should continue to pay more for them.

“To solve the crisis in branding, there will have to be radical changes. But, whatever the difficulties, the greatest mistake of all could be to believe that the problems are only temporary.

“We have developed at JWT a simple but convincing way of measuring the effect of any sort of branding experiment, which takes into account both volume share and profit margin.

“Clearly, each company will need its own tailor-made approach. But to start the discussion, we have constructed a list of questions that most companies will want to ask themselves...

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JWT

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The Marketing Scene

EDITED BY MICHAEL THOMPSON-NOEL

Smoking—the return salvo

BY MICHAEL THOMPSON-NOEL

IN MARKETING terms there is nothing in the known universe quite like the smoking and health controversy to set the passions blazing. In no other area of commercial endeavour do the rival factions set about each other with such a slugging and banging and wounding of crowbars.

Two weeks ago, Rex van Rossum, former marketing director of Rothmans, fired off a full salvo of invective on this page, directed at the anti-smoking lobby. He accused opponents of the tobacco trade of posturing, lying and scaremongering. The crusade against cigarette advertising, he claimed, was an irrelevance, and current restrictions in the code of advertising practice an overkill. By maintaining a dignified silence, the tobacco companies had let themselves be pushed into a corner where they had "accepted restrictions out of all proportion to the facts and evidence."

Well, it didn't need a genius to predict that the health lobby would take a swing at that. According to Mike Daube, director of Action on Smoking and Health, Mr. van Rossum was resorting to innuendo and untruths. "Even the slightest of marketing directors cannot bring back to life the hundreds of thousands who have died of smoking-related diseases since publication of the first Royal College of Physicians' report in 1962."

In his view: "The historical perspective is

important: the tobacco farmers, manufacturers and retailers, faced by the thunderbolts of the Royal College of Physicians' reports were not monsters or wilful promoters of disease but ordinary men faced with an unprecedented challenge which, tragically, they failed to meet. They attempted, and still attempt, to deny the effects of smoking, using extraordinary distortions of the evidence. They made every effort to counter health education on smoking, to recruit new smokers (even in developing countries), and in order to defend their lucrative and now discredited business, developed a series of defence mechanisms which rely on sheer financial muscle and the credulity of governments.

Mr. van Rossum has probably done his industry a disservice by presenting its arguments in such extreme form, and with so many untruths and innuendoes. He certainly bears out the prediction of an editorial in the British Medical Journal earlier this year that the tobacco industry would fight a desperate rearguard action, pursuing arguments as desperately misleading as its advertisements were in the past. Mr. Daube is incensed at Mr. van Rossum's claim that cigarette advertising influences market share and brand competition and that it is a "strange approach to advertising," says Mr. Daube, that applies to no other product and is in stark contrast to the

views of advertisers in the days before cigarettes were known to be carcinogens.

"The case for a ban on tobacco promotion is not, as some in the tobacco industry fondly imagine, that without advertising cigarette sales would fall to zero overnight. A promotional ban should be seen as part of an overall smoking control programme, complemented by education and information programmes as well as help for the many smokers wishing to give up."

ASH's view is simply that tobacco promotion has both the intent and effect of increasing the total level of sales, or maintaining sales at levels higher than those which would otherwise have obtained. The 1977 RCP report estimated that the tobacco industry spends around \$80m a year on all forms of promotion: it would be extraordinary if this mass of press and poster advertising, sports sponsorship, arts sponsorship, cinema advertising, leaflets, PR activities, point-of-sale promotion, TV and radio, same-name cigar and pipe tobacco advertising, gift coupon schemes and countless other promotional ventures had no impact on total sales. If it were not noticed by children, ex-smokers, and non-smokers, and if it did not encourage smokers to continue, or even smoke more."

According to Mr. Daube, the simple fact is that the World Health Organisation, the Royal College of Physicians, the International Union of Cancer, the British Medical Association and countless other medical bodies have recommended a ban on tobacco promotion, not because they wish to ruin advertising agencies or deprive the media of revenue but because, in the words of the late Robert Kennedy, "the cigarette industry is peddling a deadly weapon. It is dealing in people's lives for financial gain."

A few of Mr. van Rossum's "untruths" deserve correction, says Mr. Daube, particularly his claim that no criticism is made of the 300,000 retailers who sell cigarettes. This is untrue, says Mr. Daube, even though it is not the retailers who spend vast amounts on mass advertising. "For example, ASH forcefully criticised the retailers when a survey we had commissioned showed that 43 out of 50 tobaccoists surveyed broke the law forbidding the sale of cigarettes to people under 16."

Nor was the former Rothmans man correct to claim that the industry had been given no credit for moves to launch more low-tar brands, cut tar yields and introduce tobacco substitutes. Mr. van Rossum was out of line in claiming that not one of the countries around the world where cigarette ads had been banned had witnessed a decrease in consumption. In Norway, for example, following enforcement of

the Tobacco Act in mid-1975, the percentage of daily smokers among males had fallen steadily from 53 per cent in June, 1975, to 44 per cent in December last year; among females, from 32 per cent to 20.

Many other parts of Mr. van Rossum's case fall to stand up to detailed examination, not least his eccentric view that there is no rational reason why cigarettes should not be allowed back on TV now. But he will have succeeded if his blend of innuendo and misinformation draws attention away from the most important challenge in preventive medicine facing governments and politicians today. The purpose of those in this country whom he describes as the anti-smoking forces is simply to reduce the appalling toll of death and disease caused by smoking. Thirteen countries have already banned tobacco advertising. How long must we in Britain wait before promotion of health is seen as more important than promotion of a known carcinogen?

And so the battle builds. Two weeks ago I wrote that there were signs that all cigarette advertising in Britain would be outlawed by around 1982. That may or may not prove to be the case. What is certain is that the tobacco companies and their opponents are psyching themselves up for a very bitter struggle. They will put away the crowbars soon and call up the tanks.

Confusion on commission

THERE ARE two ways of looking at the revised system for agency recognition which the Newspaper Publishers' Association and the Newspaper Society will operate from January 1. Broadly, from that date, the payment of commission to agencies, whether recognised or not, will be up to the individual decision of each newspaper.

The first view, strictly, a minority one, is that there could be convulsions in client/agency and agency/media relationships if the new system throws up variable rates of commission. There is certainly a great deal of confusion on this score.

On the other hand the general view is that nothing much will change—that the inertia of the market will be such that after a minor flurry of activity the "new" commission rates will re-settle at around the 15 per cent mark to what the IPA describes as "everyone's satisfaction."

At the same time the independent specialist media buying and creative consultancies believe the new system—introduced to take account of restrictive trade practices legislation—will prove a stimulus for the advertising business and encourage clients to take a greater interest in matters of cost.

Chris Ingram of CIA, a leading independent media-buying shop which expects to handle \$6m worth of business next year, said yesterday: "The new arrangement only makes official what has been generally happening. It should draw a lot of attention to our sort of business. It will only be our fault if we do not take advantage of the new situation."

On his calculation, the independents already handle \$70m-worth of media-buying.

David Bernstein, a director of The Creative Business, said: "It's a recognition of what's been going on. In the past, clients have thought of the independents as not quite proper. Now, a lot of client inhibitions will go. The code of advertising practice, COL, for example, would have been the last hurdle to rock the boat on the old recognition agreement; now they may well consider the independents."

John Simmons, a director of the independent specialist media buying and creative consultancies, said he expected that a number of new consultancies would be introduced to take account of restrictive trade practices legislation—will prove a stimulus for the advertising business and encourage clients to take a greater interest in matters of cost.

Fortunately, they'll close just as fast as they open."

Some full-service agency heads admit that big advertisers are likely to question more closely the profit levels on individual accounts, though that could in turn lead to higher fees if agencies insist on more realistic fee levels for particular accounts. The IPA says there could well be an adjustment to levels of retainer though it thinks that would be balanced by adjustments to the specific value of services provided by agencies for clients.

From January 1, newspapers will restrict the criteria for agency recognition largely to these areas: the creditworthiness of the applicant or recognised agency, and their adherence to the code of advertising practice. There will be a scale of sanctions in cases of non-compliance with the latter requirement, including a copy ban for an "appropriate period" in the case of persistent offenders. There would be a right of appeal.

According to the NPA and NSP, all recognised agencies are being notified of the proposed revision. Their recognition will be continued automatically by the usual financial monitoring and to the amended terms already indicated.

Record gain for Burnett

WITH A BURST of acceleration in advertising, Burnett is to handle advertising for BL's Mini, Maxi and Allegro models, plus the car maker's credit and tax free sales. It represents one of the biggest account gains ever.

Saatchi and Saatchi will continue to handle the Princess, Supercar and fleet sales, plus the Marina and Sherpa and a new BL corporate campaign. In all, Burnett and Saatchi will split approximately £7m worth of BL business, Saatchi in addition handles Unipart and Triumph/MG, giving it a grand total of around £5m.

UNIVERSAL McCANN has won the £200,000 Financial Weekly account in competition

with eight other agencies. The new newspaper from Fleet Publications, a subsidiary of Trafalgar House, is due to appear in mid-February. The budget will be roughly divided as to one-third on TV, the rest in the Press and on activities such as PR.

CBETWYND is to act for petrol a 10p coupon toward the Computacar from January 1. The cost of PG Tips teasabags; 4m account is said to be worth £500,000.

PRIVATE PATIENTS Plan a variant in the Sunlight shampoo. The move national TV campaign. The agent takes effect on January 1. Initially PPP will work with Deltakos, the JVT health care subsidiary.

NORMAN CRAIG and Kummel has gained the Superstores Wassey Campbell-Ewald.

(International Stores) account. BREWER, Paime and Co., with some 25 pubs, has appointed Mallerman Summerfield-James.

A TIE-UP between Brooke Bond and Mebl will give motorists who buy four gallons of petrol a 10p coupon toward the Computacar from January 1. The cost of PG Tips teasabags; 4m account is said to be worth £500,000.

PRIVATE PATIENTS Plan a variant in the Sunlight shampoo. The move national TV campaign. The agent takes effect on January 1. Initially PPP will work with Deltakos, the JVT health care subsidiary.

NORMAN CRAIG and Kummel has gained the Superstores Wassey Campbell-Ewald.

Let's get back to the Great Offensive

BY WINSTON FLETCHER

WHATEVER BECAUSE of the Great Offensive? 1978 was to have been the year when advertising and marketing, with its unaccustomed audacity, challenged its opponents to metaphors and metaphors and metaphors. "Properly planned advertising contributes towards the most efficient use of resources, productivity, and profit. It is a better future. Let us be proud of advertising's contribution to future prosperity."

These stirring sentiments were the theme of the Advertising Association's crusading pamphlet, *Marketing and Industrial Renaissance*, launched in April at the association's Brighton conference with, regrettably, an accompanying tinkle. Despit the world's indifference, the delegates left Brighton with heads held high, confident of their ASA-washed whiteness and convinced they had a real role to play in any putative economic recovery. Yet a mere 10 months later finds them pressing to a more accustomed state: flat on their backs, peering anxiously about to spot where is next kick will come from.

They were prepared for it to come on Brussels, which is current considering an EEC draft restrictive demanding the harmonisation of advertising controls—bureaucratic euphemism

for more legislative fetters. They were ready for it to come from the O.T. when they await the results—due today—of a market survey into the public's opinion of how well the ASA voluntary system is working. But they were totally unprepared for it to spring at them the next week from a conference of National Co-operative Drapery and Fashion Managers, the audience strangely selected by the Secretary of State for Prices and Incomes. Roy Hattersley, to receive his intimidating tirade against advertising and marketing.

Mr. Hattersley's attack was impressively wide-ranging: patently he is not a chap to allow irritating facts to confuse the persuasive sweep of his rhetoric. It would be possible, given the space and time, to dispute Mr. Hattersley's speech almost line-by-line, though assertions like "Advertising blunts the edge of competition by propping up the producers of inferior products" are so nebulous as scarcely to be debatable. (It would be marginally truer, though equally vague, to say that advertising sharpens the edge of competition by helping destroy the producers of inferior products.)

Worse still, to call on the ASA to investigate the horrors of classified advertising without so much as mentioning the exorbitant

expense that would be incurred by the kind of prodigious which petrifies those outside government. To finance even its present limited remit the ASA last year needed \$820,435 from its Board of Finance. This not inconsiderable sum was spent in generating and pursuing just 1,645 complaints against display advertisements: an astonishing cost of £377.18 per complaint. Nearly half the complaints proved unjustified and the vast majority were anyway footling. Does Mr. Hattersley, one wonders, ever bother to read the ASA's marvellously comic Cases Report?

However, the most deeply depressing aspect of Mr. Hattersley's oratory lay not in its unnecessary, expensive and generally destructive specific proposals: the far more frightening revelation was that the Secretary (and presumably therefore his bevy of advisers) does not understand the meaning of marketing at all. Like a small time 1930's industrial advertising manager, he apparently thinks it a synonym for "publicity" or "promotions." How else could he have stated: "An obsession with marketing can cause the producer to delude himself that enough advertising can make up for product deficiencies."

This is the opposite of the truth. Nor is it merely a minor

semantic misunderstanding. The very definition of marketing demands that manufacturers strive to make their products perfect (for their market and at the price). Marketing also demands that perfection be defined by the consumer, not by the manufacturer. And perfection may involve complex emotional characteristics. The Secretary, however, apparently believes that manufacturers produce only the goods they fancy—then they employ "marketing" to persuade a gullible public to buy them; if the public proves recalcitrant, in desperation they cheat or lie to clear the goods from the shelves. It is a view of the economic process which, in one as sensible as Mr. H., is so simplistic as to be breathtaking.

Unhappily, the evidence, though dated, suggests that much of the population's picture of marketing and advertising is just as fuzzy. The last public survey on the subject, carried out by the Advertising Association in 1976, showed that while the vast majority of people (certainly over 90 per cent) are not greatly interested in advertising at all—a result forcefully confirmed by the response to the ASA detailed above—insofar as they have any views, majority believe that advertising makes people buy things they don't want; that if

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SOUTHERN TELEVISION

For further information contact Brian Henry, Marketing and Sales Director, Southern Television Limited, Glen House, Stag Place, London SW1E 5AX. Telephone: 01-834 4404.

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To: Jamie Fowler, The Fulcrum Centre, Queensmead, Slough, Berkshire. Please send me your Little Charter. The Fulcrum sounds as if it could get my seal of approval.

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01-248 8000

20 LOMBARD Bomb in the bank vault

BY DAVID FISHLOCK

EARLY NEXT month technical and legal experts meet in Vienna to discuss a new kind of bank. They hope to set up an international bank for the safekeeping of plutonium, a metal more valuable than bullion, which can be used as a potent fuel — or a nuclear explosive.

Plutonium is a by-product of nuclear reactors; almost every reactor, the fission of uranium fuel transmutes some of it into a new element, plutonium, also a fissile material. The world, with over 200 power reactors operating, is already manufacturing substantial amounts of the metal, several tonnes a year.

New generation

The best estimates — although they do not include the East bloc — of the world's output of plutonium come from the International Nuclear Fuel Cycle Evaluation, set up by President Carter after the London Summit last year. It estimates that at least 42 tonnes have already been separated from spent nuclear fuel in civil nuclear power programmes worldwide. Of this, 15 tonnes are being used to generate electricity. The remaining 27 tonnes are being stored, awaiting a new generation of reactors — fast reactors — to burn it efficiently.

The worry, of course, is the temptation to experiment with some of the stockpile in making nuclear weapons. It is the legitimate possession of nations owning the reactors making the metal, although most of them purchased the original fuel on terms which expressly forbid such experiments. It might also fall into the hands of criminal or terrorist organisations.

Delays, equivocation, moratoria by governments are all helping to postpone the day when the stockpile will be reabsorbed by the new generation of reactors. Meanwhile, remorselessly, it will continue to grow. More than 80 tonnes of separated plutonium by 1985, more than 157 tonnes by 1990, more than 250 tonnes by the year 2000. Even in another two decades world production of plutonium will still exceed demand for it as fuel for the new reactors.

The International Atomic Energy Agency (IAEA) in Vienna, watchdog of the Non-Proliferation Treaty, believes it has both a duty and the freedom legally under its statute to attempt to set up an international plutonium bank. Physically, its aim would be simply to simulate the kind of security plutonium has when entombed as fuel in the vault of a reactor, protected by intense radioactivity and 10 ft thick concrete walls.

Plutonium could be stored in one of two forms: as untreated spent fuel, as the U.S. Administration favours, or as separated plutonium. The IAEA suggests that storage of untreated fuel has superficial attractions, such as its intense radioactivity as an additional protection. But which country might be persuaded to act — and still more to the point he accepted internationally — as a trustworthy custodian of a stockpile expected to grow from 1,600 tonnes this year to 8,000 tonnes a year by 1990, 27,000 tonnes a year by 2000? Add to this the fact that the radioactivity fades fairly rapidly and the cyclic might conclude that after a couple of decades such a stockpile would be less a bank than a plutonium mine.

Separated plutonium, the IAEA has concluded, greatly simplifies the physical problem of safekeeping. From 8,000 tonnes of spent fuel is extracted about 200 tonnes of plutonium. The capital cost of storing this plutonium is estimated at \$8m, compared with \$140m-\$250m to store the equivalent amount of spent fuel. Operating costs, put at \$1m a year to manage the plutonium, would be ten times as high for spent fuel.

The Vienna meeting will try to nationalise bank for separated plutonium. It will focus on what are seen as the two major problems: how to safeguard such a bank against forcible seizure; and how to frame rules giving clients access to their plutonium deposits when they have a legitimate purpose, yet give all clients assurance that access cannot be obtained for illicit ends.

Disputes

Clearly for such a bank to operate effectively the bank — the IAEA — must have a big voice in determining what quantities of plutonium being produced are in excess of a country's legitimate requirements, and thus therefore be banked. This in turn implies agreeing criteria on amounts that might be retained by a client, and a procedure for settling disputes on this point.

Not least of the problems before the 22 nations which have asked to attend the meeting, among them the U.S. and Egypt, which have offered to store spent fuel, Brazil, Pakistan and USSR — is the question of convincing world opinion that it can have confidence in the integrity and objectivity of such a bank's decision-making machinery. Those opposed to nuclear energy will be relied upon to try to undermine that confidence right from the start.

THE MANY foreign owners of relatively small shares in property sequestered during the revolution in Portugal are being advised by a leading business lawyer in Lisbon to sit back and wait. With luck, they may one day get some compensation from the Portuguese government.

But when it comes to big problems, like those of British Petroleum and Shell, which are threatened with a dramatic reduction in their share of the market, or of British insurance companies waiting for permits to transfer their profits to London, such a fatalistic attitude cannot be recommended. Here too, however, satisfaction is more a matter of politics than of law.

In many areas, the operation of civil and business law processes has been brought to a virtual standstill.

The civil courts are choked with a flood of claims for the repossession of property lost during the revolution and of petitions for divorce, which only recently became possible. Each of the civil judges in the Lisbon region has some 200 cases on his list during my recent visit there, and more cases were being added every day. The swelling of applications is not the only reason why the courts

are jammed. Many judges, particularly those who were sitting in criminal courts under Salazar's regime, have left the legal profession and so have numerous attorneys labelled as supporters of that regime.

Another aspect of the legal scene is an over-production of statutory regulations. The Official Gazette piles up in lawyers' offices with impressive speed but no one seems to pay much attention to it. New decrees are no sooner published than they are replaced or forgotten. Even government officials responsible for the operation of business regulations enacted "with immediate effect" have little hope of seeing their efforts in the near future, and candidly confess that they have not thought out certain crucial problems of their application.

Some of the new decrees, when applied selectively rather than generally, can be used by the Government to obtain a better deal from foreign traders and investors, or by political parties to get rid of opponents or to buy support, and by officials, dealing with the numerous applicants, to obtain bribes. A good example of such a multi-purpose regulation is Government Decree No. 247/78, which came into force on August 22, 1978. Until that day only pharmacists, grocers and supermarkets were subject to licensing. From that day on

business may be carried on without a licence from the Ministry of Commerce. Agents, retailers, and even peddlers have to apply for a licence and will be granted one "if they operate satisfactorily."

The Government estimates that it will take up to three years to complete the screening process. During that time, most businesses will have to live from day to day and in the hope that their friends will remain in influential positions or that they will gain the favours of whoever will replace them. Those who wish to start a new business will have to overcome an additional barrier: their application will have to be recommended by the local trade association whose members are unlikely to welcome a new competitor.

The transient nature of regulations is the product of political changes; the hesitant attitude to their application is also due to the patchy control which the central government has over the country. The Communists' ability to resist the return of sequestered land in areas which they control has been well publicised. But though the ruling "corporations" were disbanded together with Government controlled

trade unions, the "gremios" — trade associations — which controlled business activity within their respective zones of interest, are not dead. In a country where business depends on political patronage, a revolution rarely changes this pattern; it only replaces one political patron by another.

While the licensing decrees of August 22 applies to all businesses, foreign investments and co-operation, including know-how, patent licensing, and management contracts, have been subjected to a similar screening process by the Foreign Investment Code enacted a year ago by decree No. 345/77. All investments and agreements made before 1973 have to be registered by the newly-created Foreign Investment Institute and this provides for an opportunity of renegotiating them — and in particular of imposing an expiry date on agreements which were concluded for an indeterminate time. While inviting new investors the Foreign Investment Institute can disclaim all responsibility for the absence of any compensation for nationalised enterprises. This matter is said to be reserved to the central bank of Portugal.

It can be seen that the shores of Portugal are littered with unfinished legal business. Each direct and unpleasant impact of the revolutionary movement of the tide washes away some, and the field of insurance. British bridges in other wreckage. But companies, which have about it not lawyers, then time 8 per cent of the Portuguese certainly should heal everything. Insurance market (amounting and quite a few investors seem to £1.5bn) are very unhappy now to be taking this optimistic about the tendency towards a view.

The nationalised enterprises, ranging from banking to chemical and oil refining and including all forms of transport, suffer from poor management. Though some are said to be virtually disintegrating, the de-nationalisation of big enterprises is not a political possibility. Small enterprises, however, are another matter. Here, employees, fearing the loss of jobs, often press for the return of the owners and managers, of whom they kicked out in the first period of revolutionary fervour. There is no shortage of examples. Lisbon's Ritz Hotel, as a national enterprise, rapidly lost its reputation and the government is now keen on having it taken over by Hilton Hotels, who, however, want to deal exclusively with the government. These, among other things, are the reasons why the government would like to get rid of a very conspicuous hot potato, refused to take the hotel back unless the Government also compensated them for the damage caused while the hotel was nationalised.

Though most of the difficulties are created for foreign investors by bureaucratic measures, there are also statutes which have a direct and unpleasant impact on the field of insurance. British companies, which have about it not lawyers, then time 8 per cent of the Portuguese certainly should heal everything. Insurance market (amounting and quite a few investors seem to £1.5bn) are very unhappy now to be taking this optimistic about the tendency towards a view.

greater regulation of insurance contracts, and, in particular, about the imposition of greater liabilities on the insurers, without even consulting them. They smart under the 25 per cent increase in the scale of workers' compensation for injuries, unforeseen when their liability policies were concluded.

The Portuguese National Insurance Institute is now moving towards the introduction of uniform rates of premiums and of other standard contracts. This would be a big change for British insurers, who so far have been able to translate their London contracts and have their approved. Still more worrying to foreign insurers are delays in the reimbursement of profits. It seems that applications for the reimbursement of not much over £100,000 are approved with a certain delay and after satisfying numerous bureaucratic requirements. When it comes to figures four times that size, however, some guarantees have been delayed for one year at least and there are fears that larger amounts will be subjected to some new regime altogether.

It can be seen that the shores of Portugal are littered with unfinished legal business. Each direct and unpleasant impact of the revolutionary movement of the tide washes away some, and the field of insurance. British bridges in other wreckage. But companies, which have about it not lawyers, then time 8 per cent of the Portuguese certainly should heal everything. Insurance market (amounting and quite a few investors seem to £1.5bn) are very unhappy now to be taking this optimistic about the tendency towards a view.

I should be back within next ten days, says Jonjo O'Neill

JONJO O'NEILL, the record-breaking champion, is confident that he will be racing again within the next 10 days. He said yesterday: "The X-ray on my broken arm proved satisfactory and I've been told I can probably resume riding within the next two weeks."

RACING BY DOMINIC WIGAN

He broke his right arm in a fall at Kells six weeks ago and is still in with more than an outside chance of retaining the Jockeys' championship, which he won last season. He lies fifth in the table with 17 winners, 31 behind the leader, Bob Davies, whose principal stable, David Morley, has been enjoying a fine run. John Francome, Tommy

Smith, Jeff King and Stephen Carmichael separate O'Neill from the leader. It is possible that O'Neill, one of the most popular champions from Ireland, will be back in the saddle on Saturday. Should he, Warrington travel south to ride Night Nurse, the Buchanan Whisky Gold Cup at Ascot. Peter Easterby would probably be keen for O'Neill to partner Sea Pigeon in the Flying Fifth Hurdle at Newcastle.

In the last few days, Jonjo O'Neill has partnered several hurdlers in schooling for Sea Pigeon's handler. News from the Tote, which has had an extensive list of prices on the Hennessy Cognac Gold Cup for a long while, is that Red Earl is all the rage. Formerly with Jack Berry, but now trained by Steven Nesbitt, Red Earl has been reduced from 33-1 to 16-1 for the big Newbury chase on November 23.

Three other chasers who remain in strong demand for the 31-mile handicap are Ballet Lord, Bachelors Hall, and Stronibol. Although down to 2-1 with the market, Stronibol continues to attract good money and it may be that the big ante-post firms will reduce their offers to 7-1 or even 6-1 within the next few days.

As expected, the concrete-hard ground conditions have again disrupted this afternoon's cards and Warrington saw a walkover for the Maru Chase, which carries £1,100 in added prize money. The safest bet at Warrington is Fintin's Juv, now goes for the Mendip Hills Novices Chase.

WINCANTON
1.30-Wovok
2.00-Kinlavin
2.30-Hunter's Joy***
3.00-King's Singer**
3.30-Ski Shop*

TV Radio

Indicates programme in black and white
BBC 1
9.41 am For Schools, Colleges, 1.45 pm News, 1.00 Pebble Mill, 1.45 Baspass, 2.00 You and Me, 2.14 For Schools, Colleges, 3.55 Regional News for England (except London), 3.55 Play School, 4.30 Jeopardy, 4.45 E.M.U. Broadcasting Company (EBC), 5.00 John Craven's Newsround, 5.05 Blue Peter

F.T. CROSSWORD PUZZLE No. 3,824

Crossword puzzle grid with clues for Across and Down.

- ACROSS
1 A material whenever you like (2, 4)
6 Fractionally depressed by minor sporting student (4, 4)
10 Linzner and became late about everything (7)
11 Recite when part of film is cancelled (4, 3)
12 Perform depressing job in class (4)
13 Flirtily female attendant (3, 7)
14 Disturbance during boat race (6)
15 Paid player to dust in advance (7)
16 One way to kick off social misfit (4, 3)
17 Even the East-end has a grievance (6)
18 Player who 19 goes from North to Reading (10)
19 First garden to be made out of converted enclosure (4)
20 Dress ornament to stretch over broken leg (7)
21 Range of direction finder (7)
22 Head instructions to deliver message (4, 4)
23 French capital has comprehensive line up (4, 2)
DOWN
1 Accounts check on Circle Railway received by car (8)
2 Shakespeare might show determination (4, 5)
3 Beaulieu retreat left to ventilate (4)
4 Next part of Scotland (5)
5 Clears extensive inducement to consumer (4, 6)
6 Fail to keep rain inside unattached (5)
7 Mischievous in not considering others before order (8)
8 Mingle with a dunderhead on motorway going to vote (5)
9 Bloomer letting bread continue interminably (10)
10 Just placed to go on at underground conductor (5, 4)
11 Leave Split with former alternative to service (4, 4)
12 Tolerate wrong substitutes (6, 2)
13 Apple found in right useless group (4)
14 Newsmen one caught first and last creating order (5)
15 The bottle in the 4th row (5)
16 Novel heroine joining Pip for the afternoon (4)
17 Solution to Puzzle No. 3,823

2.00 am Play School (As BBC-1 5.55 pm)
2.00 pm Tennis: The Benson and Hedges Championships.
5.10 pm University.
5.15 pm News on 2 Headlines.
5.40 pm Laurel and Hardy Showcase: "Our Wife".
6.00 pm Tammy Wynette.
6.25 pm Beneath the Pennines.
6.35 pm When the Boat Comes In.
7.45 pm Midweek Cinema: "Hud", starring Paul Newman.
10.30 pm Late News.
10.35 pm Accident.
11.25 pm Open Door.
11.55 pm Closedown (Reading).

LONDON
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ENTERTAINMENT GUIDE

Entertainment guide listing theatres, opera, and radio programmes.



The male life figure of 1900 with its sculpture by its side

Museum of Modern Art, New York

The Matisse Collection

by WILLIAM PACKER

Perhaps should expect no less of one of the world's great capitals, New York at the moment affords the visitor many rare treasures. The autumn season in the city is now well under way: private galleries up and down the town full of life and interest and more of them than in any other city. The Guggenheim Museum is a veritable treasure house of modern art, and the Tanager at last is due to bat the Metropolitan.

This is the time that the Museum of Modern Art has chosen to bring out its entire holdings, prints apart, of the work of one of the greatest of the century: the French painter Henri Matisse. The collection is so large that it is not possible to see it all in one go, but the art who may reasonably be expected to see the greatest of the century's art in the city, the French painter Henri Matisse, is not alone. The collection is so large that it is not possible to see it all in one go, but the art who may reasonably be expected to see the greatest of the century's art in the city, the French painter Henri Matisse, is not alone.

the graphic work, here in particular by a splendid series of lithographs, than by major paintings, and we hurry through rather to the late papers, collages, to the Jazz suite of prints, and to the applied design for church vestments and stained glass, by-passing the painting of the forties almost altogether, a time when he returned to some of his early and most ambitious themes. The "overview of virtually every period" of the exhibition publicity does need a certain qualification.

A caveat, however, is not always intended. Matisse is not mine must not be allowed to turn the prospective visitor away. The conspicuous strength of the Matisse collection lies in its coverage of the great early phases of his maturity as an artist, as he moved out of Fauvism—which too is somewhat lightly represented—into his own peculiar version, simple, decorative, oddly domesticated, never emphatically theoretical, but for all that always very strong in statement and construction, of Cubism. From the Dance of 1909, and then the great Red Studio of a year or two later, a painting that lived for so long in a Soho club and finally slipped through our fingers only some time after the War, we follow an extraordinary sequence of masterpieces: still-

lives and portraits—Goldfish and Sculpture, The Blue Window, and then the Parisian views and interiors of the mid-war years, Notre Dame, The Piano Lesson, The Italian Girl and The Rose Marble Table. Finally there is The Moroccan, the most surprising and intriguing composition of all, with its ambiguous imagery, flattened space and its openly experimental and extreme tonality.

Marching in step with the painting is the sculpture, the exquisite La Serpentine of 1909, that so calmly picks up the rhythm of the more frenetic Dance nearby, the run of busts of Jeanette, and of course the first three of the four Baccas. The last is with the others, naturally, a later coda to complete the set (we, too, have these magnificent reliefs, though they raised a storm when the Tate acquired them. They have just gone back on show, as have all our Matisse, in the early part of the rehang of our modern collections in advance of the opening of the Tate extension next summer).

A particular feature of the exhibition is the relation established between all aspects of Matisse's work, for the Museum has the great good fortune to possess, in a number of important instances, the paintings, sculpture and the drawings that

circle around the same, or very near, pre-occupation. The display makes the point unmistakable, for what is perhaps the greatest of the earliest works, the Cézanne-like male life figure of 1900, commands the entrance to the show, with its sculptured pair by its side, as in the picture. Matisse is the most directly enjoyable and accessible of all the great modern masters, for even at his most radical and experimental, even when his work might offend the fastidious for its apparent or casual incompleteness, it is never difficult, at least not to us from our later vantage point; and there is always something to indulge the senses, whether it is the subject matter, the open admiration of women, the love of decoration, the clear and vigorous use of colour, or simply the more technical, painterly pleasures, the quality of the line, the mark on the paper, and the stuff of paint itself. Matisse, like all great artists, has soon become an academic industry in himself; but the simple pleasures remain to us whatever the increase to our understanding, and we must take full advantage of all the opportunities the industry engineers for us, of which this show at the Museum of Modern Art (until January 30) is a fine specimen.

Riverside Studios, Hammersmith

Domestic Dances and Rosemary Butcher

Dance Umbrella sheltered a pair of enterprises on Tuesday night. To get the worst of with at once, I report that Rosemary Butcher Dance Company started the evening with four pieces—three by Miss Ebert and one by Sue MacLennan—which are the kind of things that give a bad name. The "company" amounts to six young women with an innocent inner who are involved in a somewhat restricted and somewhat walking steps, flail, arms, dices slouching on top of each other. This supposed "dance" is imprecise, feeble, pliant, and thin in style, though hardly more extended in the day-to-day actions which occupy us all. The entire programme seemed choreographic black hole in the night, were absorbed into a display of indistinctly depressing, and undecipherable by a glimmer of light for once other than a faint, glim manipulation of young and ruder inexpressive bodies.

are in fact married—and there is an attractive blend of humour and emotion to trace their story from meeting, marriage, enforced parting, misunderstanding and final happy union. Emotionality is all. To skryabin preludes, which make up the most part of the sound-track, Janet Smith shows precise and delicate dancing, well set off by Robert North's bravura and his rich, fluent style. Because the piece seems very personal to its creators, and because its domesticity refers both to subject and to expression, it has the air of a piece d'occasion. What redeems it is the sincerity of the performance; there is a feeling that life has not yet been fully digested to become "art" and there is an immediacy and involvement about the work of both dancers.

The best moments are in an early solo for North and in a pas de deux which recounts a quarrel, set to the slow movement of Howard Blake's piano quartet. Here domesticity gives way to something essential about the two dancers, and the work escapes the confines of its title. It is, throughout, a well-timed and can be seen at the ICA Theatre which is also the part host to the Dance Umbrella choreographer-interpreters season.

CLEMENT CRISP

Elizabeth Hall

Henze Quartets

Prolific as ever, and to some upwards. The cello's loquacious purpose, Henze wrote three string quartets (Nos. 3, 4, and 5) and a Sonata for solo violin. The four works were given on Tuesday evening at a concert organised by London Music Discot. The audience was wonderfully small (the reason for the smallness being presumably the Henze who has a big following here, but his media) yet judiciously selected of people who wanted to go. The artists were the Arditi String Quartet and the violinist Jenny Abel.

The three quartets are eclectic, written in memory of, respectively, the composer's mother, Victor Jara and Benjamin Britten. The prevailing moods are deeply introspective—these are the private, not the public Henze. No. 3 is a single-movement work, rather hesitant in tone (which does not mean uncertain), rising to moments of eloquence, dying away on a mournful viola—an instrument which Henze seems to love as well as Mozart. Since the composer rehearsed with them, the Arditi Quartet's performance must be considered to hear the imprimitur. The playing was admirably delicate and sensitive, but there wasn't quite the amount of dynamic contrast that appears in the score. In No. 4, each instrument in turn dominates one movement, starting with the cello, working time.

RONALD CRICHTON

ICA

The Immortalist by MICHAEL COVENEY

There is a cabaret sketch that Mel Brooks used to perform—described at length in a recent New Yorker profile of the film star by Kenneth Tynan—in which a 2,000-year-old man wiser cracks his way through a fairly serious interview. Albert Finney once went on holiday with nothing but a recording of Brooks' classic performance. This was the inspiration for Heathcote Williams' sprightly piece, mostly revised after last year's Oval House premiere with Janet Street-Porter quizzing Neil Cunningham as a 278-year-old man who has discovered the secret of time. What is the secret? "That there is no time. Time is a false alarm."

The play takes the form of a television interview and, as such, is one of the most interesting of the lanky, likable Janet has conducted for some time. Mr. Williams, of course, is an accomplished revolutionary epigrammatist, firing off beautifully phrased ideas to challenge our notion of death as an inevitable consequence of life but much the same way as Joe Orton challenged conventional sexual morality in his plays. "Look, biochemistry has made death an offer it can't refuse, and you have to refuse it, and you have heard about the Last Supper? Now find out what's for after. Or join the human race and die for a living. THEY WANT YOU DEAD."

Death, it seems, is part of a capitalist conspiracy which may be fought by ergonomics "but why spend your life in a fridge lumbering, people with your



Janet Street-Porter and Neil Cunningham

electricity bill?" But 278's chief advocacy is reserved for denying the Old Reaper by hopping about a bit, appreciating the psychedelic properties of human excrement and taking only what nature gives you. There may be scientists seriously involved in the prolonging of active life, but their attempts to do so only

prove the probability of eventual Oliver Lodge and Woody Allen. Mr. Cunningham is a precise and very funny interviewee and the seriousness (or not) of the venture may be measured by recalling that the piece inaugurated the National Theatre of Fresno (three street, according to the programme, which recently from John Donne, Swinburne, Shakespeare, Paracelsus, Sir Archipelago).

Royal Court

Prayer for My Daughter

This vivid play by Thomas Babe was enthusiastically reviewed here by Michael Coveney when it played at the Theatre Upstairs. Now it has been promoted to the main auditorium, and I am happy to confirm his judgement.

Two New York detectives are grilling two suspects in a squad-room and the four hours of their encounter are outwardly all we see. At the end of it, Sean and Jimmy are taken away to be charged with the murder of an old woman. But in those four hours—two on the stage—we learn a great deal about the quartet. Kelly, one of the cops, has a daughter who at that very time is threatening suicide. Jack, the other, is a junkie and keeps the kit in his office desk. Sean, the elder of the suspects, is having a homosexual affair with a woman, who is also a junkie. The writing achieves extraordinary sensitivity with the impoverished vocabulary of the idiom, and by the end of the evening, with only occasional use of any kind of autobiographical reference, we know the deepest recesses of these men's characters. It is remarkable that though we are attending a routine crime enquiry, all we

are interested in is the private lives of the participants, and for this both the writer and the actors must take the credit.

The acting of the four players is exemplary. Donal McCann, the solid unemotional Kelly who prolongs the interrogation because he would rather do that than see his daughter in despair, keeps his deeper feelings only just out of sight, so that when he is most unexpectedly seeks emotional relief by embracing the attractive, boyish Jimmy, the action does not seem improbable. The heroin-high Jimmy's subsequent scenes with the stolen gun does, to my mind, strain a little the laws of credibility otherwise so truly observed, but Kevin McNally plays it with such certainty that it does not break the bubble of conviction.

A story like Jack, the moral slambouyant of the police, shows us a sinister game of alternating truth and pretence in his business of winning the boy's confidence; and as the educated Sean, the more colourful of the two, the more of the boys' brings some light to the otherwise very scene with his consciously superior talk.

The direction is by Jar Jar A. YOUNG

Oxford Playhouse

Vandaleur's Folly

by MICHAEL COVENEY

The programme notes for 7:04 determination of an American idealist, Roxana, and Vandaleur's wife. Vandaleur himself is portrayed as a fatally weak do-gooder eventually seen gambling away the achievements of Roxana in Dublin's Hellfire Club. The production, by the authors, is framed in an enlarged Pollock's toy theatre, various scenes at the Shelbourne Hotel, on the southern Irish coast and in the commune, one dimensionally suggested by a succession of painted cloths by Jenny Fyans. The cartoon style of presentation is beginning to look battered and -jaded, not at all helped by the irritant of an electric keyboard grumbling half-dense or incomprehensible depending on your tolerance level, charts the growth. The dissolution of the commune as a bulwark against the incipient Orange Order of the early 19th century, feudal injustices and the slave trade. The revolutionary spirit is embodied in the feminist

enlightened mortals.

The Royal College of Music

College Concert

by DOMINIC GILL

Instead of returning to the least impressive work he has ever composed—18 minutes of the much better idea this season of presenting part of their contemporary music series (another part goes to the Riverside Studios next at Hammersmith) around now in the concert halls of the various schools and colleges of music.

It is an interesting series, shared between the BBC Symphony Orchestra and the London Sinfonietta, which gives particular emphasis to music by Stravinsky and Harrison Birtwistle, as well as presenting the premieres of a pair of new BBC commissions from younger composers. The most recent work of Tuesday evening's programme, the second of the series, was I Am Goya by Nigel Osborne (b. 1948)—a short setting of a poem by Andrei Voznesenski for bass-baritone, flute, oboe, violin and cello, spare and beautifully pointed, delicate and economical in its colouring and shading of its words.

It proved indeed to be the evening's high point. Alexander Goehr has written good music; but his Chaconne for 18 wind instruments, produced in 1974 for the centenary celebration of Leeds University, is surely the dinner is £14.50.

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Thursday November 16 1978

Some wishful thinking

THE OFFICIAL mid-year economic forecast, published yesterday, is not a very helpful document. It is built on assumptions about pay which will widely be regarded—especially this week—as the merest wishful thinking; and this in turn must cast doubt on the figures for the exchange rate, interest rates—and hence public sector borrowing—the growth of consumer spending, imports and profits. No information is given about the effect of different pay assumptions on the forecast. Users of the published Treasury model can make their own estimates, but use of the model itself is dependent on judgments which may not be shared in Great George Street.

Judgment

It would be easy to accuse the Treasury of deliberate obfuscation, fulfilling the letter but not the spirit of the Employment Act of 1975, which required the publication of models and forecasts. What is likelier is that Dr. Bray and his supporters have greater faith in the accuracy of model-based forecasts than does the Treasury itself. Policy has always leaned more heavily on judgment than on mathematics; and it is in fact possible to get some feel of official judgment even from an unrealistic forecast.

The conclusion seems to be that the optimistic assumptions built in to the official forecast are balanced by pessimistic judgment—the forecast is wishful but gloomy. This emerges clearly both from internal evidence and from comparison. The internal sign of gloom is that even with low wage rises and a sharp fall in the growth of consumer spending, there is no forecast improvement in the balance of payments and no apparent fall in the inflation rate.

This is puzzling in itself; and what is equally puzzling is that outside forecasters such as the London Business School and some users of the Treasury model have recently produced forecasts which are very similar in "real" terms to the wishful Treasury forecast. Optimists may conclude that the prospect for some growth and a reasonable balance of payments is safe even on realistic assumptions about costs; but it is worth stressing that if outside assumptions about costs and inflation

are right (both in the 10-12 per cent range rather than the Treasury's 7-8 per cent), but underlying official judgments about competitiveness are well founded, then the out-turn will be a good deal worse than the already uninspiring picture shown in both sets of forecasts. It is at any rate unlikely to be better.

What seems likely is that the Chancellor is being offered a gloomier picture than that now published of the prospect before us, and must frame his policies accordingly. Indeed, his approval of the rise in minimum lending rate last week shows far more concern about an unsustainable growth of credit and demand than could be justified from examining the Treasury forecast. He has already said enough to show that Treasury reflexes have not changed over the years: if demand threatens to rise above the path ordained by the demand managers, it must be checked. A rapid rise in wages has this effect in the short run, so a fiscal deflation might well be thought necessary to hold the economy on the forecast path.

The economic logic of this approach is questionable: except in the short run, a rise in costs within an unchanged monetary environment is likely to prove deflationary, as Mr. Healey has warned us. This will happen rather quickly if monetary policy continues to be aimed, as at present, at an unchanged effective exchange rate: an exchange rate overvalued in real terms may be bad for the balance of payments, but it is undoubtedly depressing for activity, and cost inflation with an unchanged rate has the same effect on output as a rise in the exchange rate.

Wrong reasons

However, at present Treasury thinking may be pointing to the right policy for the wrong reasons. There is one rather alarming figure even in the wishful forecast: a public sector borrowing requirement unchanged, on present policies, as a proportion of GDP. With higher inflation and higher than forecast interest rates, the PSBR will rise. The present contradiction between fiscal restraint and monetary expansion will become still sharper and more painful. A better balance could prove a stimulus. In that respect, and that only, the forecast is helpful.

A weapon in the trade war

THE USE of subsidies to create or preserve jobs in one country at the expense of increasing unemployment in another is, regrettably, a common practice in international trade. Politicians will agree in principle that the process is self-defeating, but the kudos attached to a big export order or a large new investment is hard to resist. The only way of bringing this kind of competition under control is through international agreement and some modest progress along these lines is being made.

Industrial subsidies are an important item on the agenda of the multilateral trade negotiations in Geneva: the Americans have been pressing hard for a code which, at the very least, would make the use of subsidies more transparent. In the field of export credit there is a gentleman's agreement among the main exporting countries and, again, the U.S. has been seeking to stiffen its terms: some recent deals, especially in the sale of aircraft and aircraft engines to the U.S., have looked extraordinarily generous.

Another area which looks in need of strengthened international control is the business of attracting inward investment. In a speech in Washington this week Mr. Fred Bergsten, Assistant Secretary for the International Affairs at the U.S. Treasury, called on other countries to start working towards a new set of rules on investment. While "no global crisis" yet existed, Mr. Bergsten said, there had been some "nasty clashes." The implication of his remarks was that unless the problem was tackled soon, competition for foreign investment could become an increasingly dangerous weapon in the trade war.

One case which Mr. Bergsten mentioned was the \$68m inducement with the Canadians persuaded Ford to establish a new engine plant in Ontario rather than Ohio. Another was the package of incentives which the British Government offered the Swiss pharmaceutical company, Hoffmann-La Roche, in return for

setting up a new vitamins plant in Scotland. This was regarded as a great entrepreneurial triumph by officials at the Department of Industry. Mr. Bergsten's sour reaction is a reminder that such internal successes can have international repercussions.

The practice is not confined to the industrial countries. In the developing world there is a bewildering variety of carrots and sticks, some of which are of questionable economic value to the countries concerned. Since most of these countries want foreign investment, it is often possible for international companies to play one off against another, but it is not clear who benefits from this action, least of all the taxpayer in the host country.

In the UK there is the added complication stemming from the activities of the National Enterprise Board and the various development agencies in Wales, Scotland and Northern Ireland. These bodies, particularly the regional agencies, have a mixed social and entrepreneurial role.

In some cases they seem willing to take very great risks with taxpayers' money—another form of industrial subsidy. There are obvious national arguments for subjecting this sort of deal to much closer scrutiny, but it would be made easier if, as Mr. Bergsten suggests, there were some internationally agreed guidelines on inducements for inward investment. It is possible to make some progress in bilateral negotiations, and Mr. Bergsten referred to the recent agreement between the U.S. and Singapore, covering investment rules as well as tax matters. But more needs to be done on an international level. Three years ago there was an agreement among the member nations of OECD that incentives to foreign investment should take account of potential damage to trading partners; this agreement now needs to be strengthened and made more specific. Mr. Bergsten's proposals deserve a positive response from Western Europe.

Pay policy now goes naked into the bargaining chamber

BY CHRISTIAN TYLER, Labour Editor

ON THE eve of the TUC's special general council meeting to consider the statement produced by their negotiators and a Ministerial team headed by the Chancellor there was detectable unease, certainly on the Government side, about what would come out of it. In so far as anybody was saying anything—and the secrecy surrounding the negotiations was considerable—they were warning that perhaps more time was needed. Few could have predicted that the unanimous recommendation of the TUC's six negotiators, and the approval, without a vote, of the economic committee would have fallen as they did to a 14-14 vote on the general council a few hours later.

These warnings appeared to reflect Ministerial dissatisfaction with the statement as a whole, a document that was solemn, but not binding, and likely to be denounced as a facelift for the "special relationship" between the Labour Government and the unions in spite of the Prime Minister's promises that he was not interested in cosmetics.

When the agreement was put before the members of the general council on Tuesday similar anxieties were expressed. If Ministers felt the TUC was giving them very little, some of the union leaders felt the Government was giving them even less. When the documents were published that night, they evoked much public comment to the same effect: namely that they would not have made any difference to the winter wage round.

Mr. Len Murray, TUC general secretary, urged his Press conference not to exaggerate the importance of the statement or of its failure. "We didn't see this as the best thing since sliced bread," he said. Yet there was no disguising his disappointment nor the Chancellor's acute embarrassment that the concordat had fallen at the final fence.

The shock of failure was perhaps less obvious at Congress House. At Westminster it has been considerable, and for all the talk of letting the dust settle before trying again, Mr. Healey accepted yesterday that the TUC just does not want to re-open talks on this particular agenda. The first reaction at the House of Commons was that the Government had been side-swiped, suffering possible future electoral damage in the process: after all, one of the strongest cards in the Labour Government's hand has always been its ability to "get on with the unions."

Mr. Callaghan himself has the advantage that he was not involved in the talks after the first encounter: he was to have

Mr. Alan Fisher's low-paid manual workers in the National Union of Public Employees. Fisher voted against the statement.

Again, the Government will find it less easy now to justify withholding sanctions against companies that pay over the odds: if the statement had gone through it could have pointed to that message which said: "In considering discretionary action the Government will take into account the price consequences of that settlement as one relevant factor."

In practice Ministers have already shown latitude, for instance when last year's Ford settlement was allowed through, partly on the grounds of the company's profitability. But the statement would have put these considerations on the record, establishing the price effect of wage bargaining as a central feature of the guidelines.

Agreement or no, the pressure this year could force the special Cabinet committee on pay to grant further dispensations, even when a "special case" as provided for in the White Paper has not been made out. The settlement at Vauxhall Motors, of 8.5 per cent plus productivity payments ranging up to £10 a week will be only the first test of Government resolve. Ford Motor's settlement cannot be far off. Scottish road hauliers, threatened with a strike if they do not go above 5 per cent have been told that the Price Commission will use its controls to restrict haulage rates if they give in. These negotiations are setting the pace for 500,000 drivers throughout Britain who have claimed 20-30 per cent. British Oxygen workers have been offered 8.9 per cent, linked to higher productivity. The miners will later this month formally enter their claim for 40 per cent, the increase to run for only eight months from March next year, and Mr. Joe Gormley has said there is "no chance" of 5 per cent being accepted. Power workers' delegates meet today to draw up their claim: whatever they decide they will not ignore what the miners are doing, nor be short of envy for the miners' bonus payments which some of them see as quite undeserved. The fact that the unofficial shop steward committee in electricity supply has called for a "substantial" increase, without putting a figure on it, was seen as a hopeful sign by Mr. Frank Chapple of the electricians who does not want a fight with the Labour Government.

Despite the rumblings and the big pay claims—not to mention the extraordinarily precipitate strike called by the Bakers Union in spite of an 11 per cent pay and productivity offer—em-

Licence for militants

There could be real repercussions on the shop floor, where the TUC's decision will be read by the militants as licence to bargain for all they are worth. Mr. Murray does not think that there will be an explosion: "I don't see British industry going up in smoke," he said after the general council meeting. But he did admit that there would be more "aggravation" on the industrial scene than there would have been had the proposed guidelines for negotiators been accepted. By the same token, those who forecast almost the moment the 5 per cent policy was unveiled that Britain was in for a "winter of discontent" will have no reason now to change that view.

If the statement had been adopted, it would have legitimised Government relaxation of the policy in some important cases. Most obviously, public service workers—and there are over 12m of them hit by a 40 per cent pay claim with contingency plans for joint industrial action—would have been able to argue "comparable earnings for comparable work." The Government, said the statement, was prepared to recognise special increases for some groups provided they were staged increases. In other words, the Government was making explicit its readiness to find a safety valve if confronted by



After the "no" vote: the Chancellor and Mr. Ray Maitland, the Prices Secretary, face newsmen on Tuesday evening, while Mr. Len Murray (centre left) looks on at his Press conference the same night. Leaders of key unions in this winter's wages bid include Mr. Moss Evans of the Transport Workers (centre right), Mr. Alan Fisher of NE (bottom left), mine workers' president Mr. Joe Gormley (bottom centre) and Mr. Frank Chapple of the EPTU.

player organisations report an unusual lull this year. Large numbers of workers are holding back, in engineering, for instance, the Ford negotiations seem to have frozen many smaller companies' negotiations.

Endorsement of disputes

Elsewhere, the TUC Government discussions seem to have persuaded employers to wait and see. With the Ford talks going again and the TUC talks finished, things may start to move rapidly in the next few weeks. At the same time, the level of strike activity appears to be higher than at this time last year, when the same delays were noted, the same pay breaches occurred, but the pay round settled down fairly smoothly until the firemen burst out with their first national strike and became the first big "special case" of Stage Three. Three of the big unions confirm that they are receiving more re-

quests for official endorsement of disputes than last year. Settlements are few and far between, but of those reported to the CBI the great majority are said to be consistent with Government policy. At many of course, that companies, which have paid more are just not reporting the fact.

The industrial implications of Tuesday's vote at the TUC have yet to be seen. Even when the round is over and the final earnings figures computed, the 5 per cent limit but the unwritten 7 per cent "target" no-one will be able to say was any confidence what might have happened had the TUC's guidance to negotiators been adopted, but there are one or two obvious casualties already. First, the TUC's influence on Government policy—making has been weakened, as Mr. Murray has said. Employers will not be upset about that. Secondly, the further mapping out of Con- sidered collective bargaining "ing" has been stifled. This will

be seen by some as the greatest loss: the opportunity to encourage the most bargaining against the disclosed financial circumstances of individual enterprises rather than bargaining "as one national going to or from government determination."

Finally, the foreign form of collective bargaining the Government hoped for, for which the Conservative Party and CBI have been models already, may have been considerably postponed. The TUC and Labour Party are committed to seeking "broad understanding" over each year, and no doubt will be discussed again, but climate now looks most unpromising.

MEN AND MATTERS

Ferranti sniff Arabian ether

BBCI had some unusual viewers the other day—a group of engineers in Cairo. The European Space Authority's experimental satellite, OTS, had been twisted in their direction in an attempt to encourage the Arabs to buy one of their own. But there were fewer viewers than expected. The Sadat-Begin talks led most countries due to share the so-called Arab-Sat with Egypt to boycott the demonstration. I learnt from John Penney the new managing director of Ferranti's microwave division.

Ferranti is hooping to sell the Arabs their small satellite receiving station. But Penney foresees some problems. With Arabs at odds both on land and in the ether it is questionable how they can agree in space. In any case, Penney fears that the U.S. is likely to win the contract. "The UK is traditionally out-manoeuvred and it is interesting learning how and why," he says in explanation for his last few years as group marketing manager of Microwave Associates, the UK subsidiary of the U.S. firm MACOM.

He is discreet about what exactly are the "how and why," but is revealing about the curious new world of micro-waves. It is, it seems, almost a family affair. The main competitors all sell one another parts and the best engineers in the world are few and all know each other.



"I'll be with you as soon as I've got the manager's foot out of his mouth!"

Some of the who

Are journalists any different from anybody else? Should some expect to hide details of their own life while they fearlessly expose the doings of others? Our opinions, it seems, are divided. Of the 600 people approached for the Who's Who in Financial Journalism only 230 provided details of themselves. But the rest are listed and the book should "take away the mystique of public relations companies which are paid huge retainers merely because they know a few journalists."

So I was told by Roddy Dewe and Nico Roegerson, publishers of the guide—and themselves PR men on the corporate level. They plan to make their slim volume an annual one with the odd pages of updating. These are going to be necessary if the rapid changes in the editorship of Victor Matthews'

forthcoming Financial Weekly are any indication.

Richard Milner of the Sunday Times had been due to take the helm, an addition to Who's Who in Financial Journalism informs us. But this is already out of date. Bill Davis, editor in chief of the Financial Weekly, tells me they have had second thoughts as Milner wanted "a huge staff of 40-50 writing journalists." "As long as we have some staff," is the wistful comment on this from Michael Blandon of the Financial Times, who is now to edit the new publication.

Family fanfare

The Incredible Hulk of penicillin is bursting from the cover of the latest issue of St. Mary's Hospital Gazette, scattering germs before it. Yet for all penicillin's value—Churchill once described the lives saved by it as one of the three vital factors contributing to the Allied victory—the 50th anniversary of its discovery is passing virtually unheralded. In wheat is almost a comment on our times. Mickey Mouse has had his 50th birthday fete in Britain while the first of all antibiotics has not.

St. Mary's, where Sir Alexander Fleming made his discovery, has mounted a small exhibition for the occasion and is holding what its Medical School secretary, Keith Lockyer, describes as "family celebrations."

"We made the 25th anniversary a massive fund-raising occasion. Now we want to delay until our rebuilding plans are clear and we can make a general appeal based on our record." St. Mary's, whose Paddington buildings date back to 1854, has been "effectively condemned for fire and structural reasons," Lockyer tells me. However, 8,000 miles away Mauritius has considered the shy Scot's discovery sufficiently important to issue a set of four

stamps. Had the Post Office considered doing the same? "Oh, penicillin was included with radar, the jet engine and television in the British discoveries series of 1967." But maybe we will record the 100th anniversary of Fleming's birth in 1981.

Short shrift

Renee Short, Labour MP for Wolverhampton North-East, can draw some consolation from the fact that she is not alone in having to eat humble pie about Aims, formerly Aims of Industry, in the High Court yesterday she swallowed her words about Aims being a "hanger on of fascist groups" and agreed to pay costs, following in the distinguished footsteps of Anthony Wedgwood Benn ("sincere apologies," 1974) and Sir Harold Wilson ("It is not the case that Aims of Industry have ever contributed any money to the Tory or any other political party," 1969). This last is thought to have been the first time Wilson, not a good loser, doctored sackcloth and ashes.

Aims' director Michael Ivens tells me he is not certain how much its latest unwilling contributor will be paying. "On this occasion we have not sought damages," he says with the generosity of the triumphant. "That doesn't mean we won't in future. Others may not get away so lightly."

Happy hawker

A colleague tells me that while visiting an elderly aunt last week he was about to comment on the number of carpet sweepers around the house when there was a knock at the front door. His aunt answered it and was greeted by a young man with a carpet sweeper under his arm who smiled charmingly: "Well, Miss Tansley, here I am again!"

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ECONOMIC VIEWPOINT

The case for the Italian band

THE EUROPEAN Monetary System will not go away in 1979, even if it starts without the UK—and perhaps without Italy as well. The Government has already accepted the principle of the EMS and will be expected to negotiate in good faith.

There are undoubtedly those in London (and even Paris) who hope that France will have to leave the new system, as it did the earlier enlarged "snake," thus demonstrating its unworkability. But it would be rash to count on the French obliging in this way. There is a real chance—to put it no higher—that the Giscard Government will stick to its new economic policy and remain a member.

Moreover, the economic performance of the UK will be compared all the time with that of the EMS countries. No greater mistake is possible than to imagine that staying outside will allow the British authorities to go back to the demand management policies of the 1950s and 1960s—aimed at spending ourselves into full employment—with perhaps import controls thrown in as well.

The Prime Minister and Chancellor are well aware that turning their backs on the European Monetary System is not a soft option; and indeed their policy seems directed at maintaining a higher sterling exchange rate outside it than would have been likely inside. They do not need to be told that a strong pound is the best effective barrier against inflationary wage rises in the corporate sector.

Where however they have not

been as wise is in the questions they have chosen to emphasise for discussion with the likely EMS members. The British have a strong case on the unfair and growing burden of the transfers through the ECU Budget. But this is a matter which has to be taken up anyway and is not so very relevant to the exchange rate system. The emphasis given by the UK to the credit mechanism to meet so-called swings in the balance of payments is also exaggerated. Such credits can at best postpone exchange rate changes which become all the more disruptive for being delayed. Nor is the continued harping on symmetry of obligation of strong and weak countries helpful. In practice it is becoming just an attempt to press the Germans to inflate more than they would do otherwise.

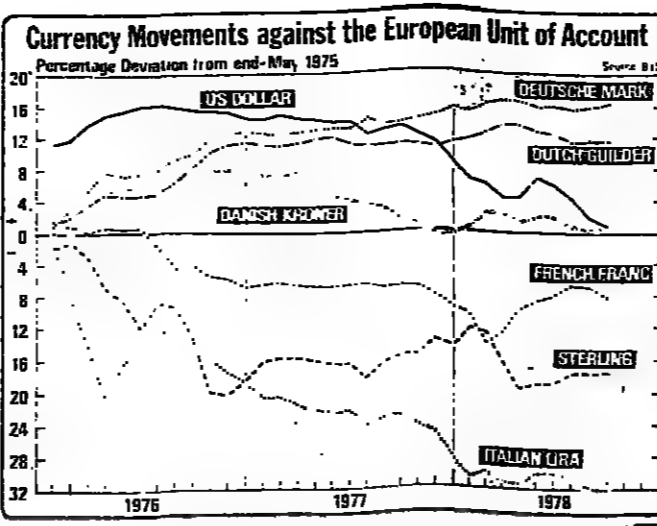
The Italian Government tends to side with the British on these negotiating points as does the Irish. But instead of just sticking to the familiar treadmill, the Italian authorities have also come out with another idea which would provide a transitional formula for countries unwilling to take on the full obligations of membership immediately. This is for wider margins than those planned by the hard core of existing snake countries plus France, who are already committed to EMS.

This proposal, if interpreted in the right way, would provide a moving band for the exchange rate. It would in fact serve UK interests extremely well. Even at this late hour the British Government should be asked to think again about its outright rejection of the idea for a wider band could provide a formula by which the UK and Italy could both join the EMS honourably—and the Italian Government is increasingly reluctant to join

without Britain. Even if it is too late for this, the formula could provide a working rule for a transitional exchange rate policy outside the EMS with the aim of eventual membership.

The EMS scheme agreed in Bremen follows the existing snake. Neither the strongest nor the weakest currency may move more than 2½ per cent away from the central rate established between them, thus giving a total band between the two of 5 per cent. The Bremen communiqué mentioned that countries outside the present snake could opt initially for wider margins. The Italians proposed 8 per cent on either side of the central rate. The Germans and the French have agreed to a margin of 4½ per cent—giving a band with a total width of 9 per cent—for a transitional period of three years. There might be intervention earlier on related to the distance of the outlying currency from the average established under the European Currency Unit (ECU) formula. But there would be no commitment to defend parties, until the limits of the band had been reached.

There is sufficient room for manoeuvre here for any country not bent on a violent monetary exploitation. A further appreciation of sterling is neither likely, nor is it an aim of UK policy, which is to minimise depreciation. It would therefore be sensible for the UK to fix its "central rate" for sterling well below the market rate, while still remaining within the band. For instance, the central rate could be fixed 3½ per cent below the market rate. In that case sterling could depreciate by up to 7½ per cent against the mark or appreciate by 1½ per cent, with-



out having to change the official parity.

One great advantage of such a wide band is that the exchange rate could for all intents and purposes continue to float, whether "cleanly" or "dirty," during the transitional years. Parity changes could be made within the band itself, and without affecting the market rate. There would be no need for the Government to choose new parties on the basis of fallible and controversial economic forecasts. All that would be required would be occasional announcements of new central rates before the market rate approaches the permitted margins.

The case for this moving band depends on it being a transitional system en route to a commitment to the narrower EMS margins and eventually a genuine European monetary union. The basic argument for it is (a) that

there is no lasting gain to output and employment, and quite probably a loss, from following inflationary policies; but that (b) there would be a large transitional employment cost if there were to be too abrupt a change from a UK monetary policy geared to an inflation rate of about 8 to 10 per cent, to one geared to a German rate of 3 per cent—which is the French Government's inflation target for end-1979.

The essential accompaniment of a moving band would be a series of declining annual monetary targets over a three-year horizon to reach a level low enough to accept full EMS obligations and to do so without basing on the Germans to inflate. Without such policies one would only be using the moving central parity to deceive oneself. But with the internal monetary accompaniment, wider bands have a great advantage over the suggestion frequently

made of a predetermined downward crawl. Such a crawl presumes an ability to predict appropriate exchange rates which forecasters simply do not possess, whether they look at money supply or international labour cost differentials. Wider margins operated in the way I have suggested would provide for a permissive crawl by means of changes in the central parity; but there would be no pre-announced path for the exchange rate.

Unfortunately the lack of official British interest in a moving band appears to overlook the fact that an element of hurt pride, a refusal to be put into a second league or peripheral group alongside the Italians. Nothing could be more inappropriate. It could just as easily be argued that wider margins reflect the special position of sterling as an international currency affected by other considerations than pure cost comparisons. But prestige language is best avoided altogether.

There is now a common Anglo-Italian economic sickness. When there is just as big a question mark over whether an aircraft will be allowed to take off from Rome and whether it will be allowed to land at Heathrow, neither country can afford superiority feelings at the expense of the other. To the post-war British generation the British Empire is as much a thing of the past as the Roman Empire to present-day Italians.

The crucial question is the less glorious one of whether Governments would have the honesty to move the bands in good time if the market exchange rate began to approach the limits; and whether they would be content to influence the sterling rate indirectly by monetary policy rather than by

intervention, borrowing and controls. Apart from the crisis of confidence in sterling and the lira in 1976, a moving band of 9 per cent would have been sufficient to accommodate most of the EEC exchange rate movements that actually occurred; and the general desire is to avoid another 1976.

QUITE APART from the special difficulties of Britain and Italy, there is a separate threat to the cohesion of even the hard core of committed members. It is the impact of outflows of funds away from the U.S. dollar.

Such outflows do not affect Community countries uniformly, but more differentially in favour of the Swiss franc which is outside the Common Market, and the German Mark which is inside. In times of dollar weakness the Mark tends to appreciate not only against the dollar but against other Community currencies and he an amount larger than justified by inflation differences. This at any rate is what the Germans believe, and is one of their main motives in setting up EMS.

The mere announcement of "fixed but adjustable" parities in the new system will not, however, be sufficient to prevent the Mark appreciating in this way. Why should an international trader or an OPEC holder give up his preference for the Mark simply because an EMS of prophetic duration has been announced?

He suggests that deposits denominated in the terms of the ECU "basket" of currencies should be available to holders of funds outside the Community. Such deposits, or longer-term securities, would guarantee for instance, OPEC members, against fluctuations in the relative value of any one Community currency, although not of course against fluctuations of the value of the basket itself.

By itself an ECU alternative for reserve holders would increase pressures on the dollar. It would therefore be a good idea to introduce at the same time a "substitution account" in which non-Community holders of dollars could exchange them for ECUs. Such an arrangement has of course often been proposed in the IMF under which dollars would be exchanged for SDRs. Neither method would be black magic. U.S. debts would simply be transferred from existing holders to an international group. The terms on which the new owners would continue to hold the debt would be a matter of negotiation with the U.S. authorities; but there would be no under-standings that would make these holdings more stable than existing dollar balances.

An imaginative offer of this kind would be a contribution both to the dollar problem and to the tendency of the Mark to appreciate by amounts which German producers consider excessive. This is an immediate rather than a long term matter and will have to be tackled irrespective of who exactly is in the EMS on Day Number One.

* A European Monetary System: The "Main Issues" after Bremen, that of "Common Market" in Copenhagen, 16-18 Nov. 1978, Copenhagen E. Hansen.

Samuel Brittan

Letters to the Editor

Mediaeval solutions

From the Managing Director, Donald Jacob Associates.

Sir.—The King sent proclamation into all counties that reapers and other labourers should not take more than they had been accustomed to take under a penalty appointed by statute. But the workers were so uppy and obstinate that they would not listen to the King's command, but if anyone wished to employ them he had to give them what they wanted to satisfy their lofty and covetous wishes or lose his fruit and other crops.

"And when it was known to the King that some had not observed his command, and had given greater wages to the labourers, he levied heavy fines on abbots, priors, knights and other great folk and small folk."

For "The King" substitute Mr. Dennis Healey in this description of the wage freeze—Government wage explosion—Government sanction cycle. By Henry Kaizition, a mediaeval chronicler writing of an inflationary period 800 years ago following the Black Death in 1348. While present soulless do not appear to have altered significantly let us hope that they will be followed, as previously, by "100 Year War" with the EEC, Donald Jacob, James Glover, small towns, irrogate, Yorks.

The plight of landlords

From Mr. H. Spence

Sir.—The plight of private landlords has been highlighted by Mr. R. J. Jansen's letter (November 9) who mentions that many of this group are "improvised" residents of age pensioners. I would however submit that with few exceptions private landlords do not fall within this category of citizen and their situation is not such that requires government financial assistance. A great many landlords of controlled tenancies comprise investment companies and wealthy individuals who have purchased at prices which wholly reflect the fact that they are subject to controlled tenancies in the region of 25-40 per cent of vacant possession value, the precise figure often sadly dependent upon the age and life expectancy of the sitting tenant. The uneconomic initial return upon the investment is more than compensated by the massive increase in capital value when vacant possession is obtained. H. J. Spence, 7, Hood Avenue, SW14.

Nuclear power

From Mr. R. Mulholland

Sir.—I rather took exception to your "editorial" of November 7. You argued that greater public education is needed to win over support for nuclear power programmes.

While the nuclear physicist is obviously the better-informed in this subject how is he in others like biology and ecology? As the Windscale inquiry shows, it is not able to make cast-iron "antees" regarding the safety of the natural environment and the life-forms that inhabit it. I suggest that the leader-writer has no grounds either to feel confident on these issues or to advocate such views in print. The reference to the "funistic" "age" should be placed in perspective too. Perhaps the nuclear power is the greater fanaticism driven by career aspirations or anxieties to dismiss facts

Converted back to inches

From Mr. R. Farrell

Sir.—As managing director of an engineering company which was metric—as far as it could in an imperial environment—the rest of UK engineering would quickly follow suit. I am disappointed to find no such thing has occurred with a vast range of companies.

The reason is not principally that most of the machinery is not metricated: it is that the while present soulless do not appear to have altered significantly let us hope that they will be followed, as previously, by "100 Year War" with the EEC, Donald Jacob, James Glover, small towns, irrogate, Yorks.

Thirlmere and Haweswater

From the Chairman of the Recreation Sub-committee, North West Water

Sir.—Readers will be seriously misled by the Insurance Reformers to Thirlmere and Haweswater in R. S. Campbell's letter (November 10). He referred to a "ordon sanitaire" around the lakes and that less than one per cent of their yield was for drinking and 80 per cent for industrial cooling.

The bulk of water taken from these sources is for domestic use. It is estimated that less than one per cent of the remainder supplied to industry is used for cooling because it is not the water authority's policy to promote such sources for cooling and industrialists will not eye in economy, have developed other methods, including recycling.

The "ordon sanitaire" is a myth. Around Thirlmere there are nature trails and picnic and parking spots. There is public access in large areas of its catchment (we even have public open days at our farm there). More appropriate "opening up" developments are planned. There is no recreation on the water itself because supplies from the source—developed 80 or so years ago—receive minimal treatment. A treatment plant is in the programme and once built, recreation will then be possible on the lake itself. It is this which the Lake Planning Board want.

Metrication and schools

From Mr. U. Bruce

Sir.—There is no need to rehearse the arguments advanced in your columns by Mr. Lucas (10th 31) and most ignored by Mr. Brooke (Not 11). There is, however, a further commitment to metrication which is rarely mentioned in public debate. By the end of the 1980s most primary schools

Unearned income

From Mr. T. Corbridge

Sir.—As an expatriate working in Hong Kong with an intention eventually to return to the UK, I decided recently to arrange some prolonged disability insurance so that if I was disabled and had to return to the UK in somewhat strained circumstances I would not become a charge on the Welfare State.

I was surprised (although surprised is an emotion to which I suppose should not indulge when considering the attitudes of the Inland Revenue) to discover that any benefits paid under such a policy are taxable. And further they are taxable as unearned income.

Lapses in life

From the Secretary, British Insurance Brokers' Association

Sir.—Mr. James (Nov. 6) does not seem fully to understand the purpose of the British Insurance Brokers' Association reply to the Office of Fair Trading.

Neither the RIBA nor the Life Offices Association has said that such low ratios are acceptable. The point made was that the life insurance industry—both insurers and insurance brokers—have already taken considerable steps toward informing and protecting consumers on a wide range of matters including the question of surrendering life policies and that these steps had not apparently been acknowledged in Mr. Burke's Press statement.

RIBA has made considerable progress in the advancement of the interests of life insurance brokers through informing, educational and training programmes and in giving help and advice to consumers. Mr. James implies otherwise. This progress and the efforts to change the position of the insurance industry are being undermined by the Office of Fair Trading's intervention.

The RIBA is totally independent as a responsible part of the industry we serve the interests of consumers, and if important questions arise we should not hesitate to do so. Alan Teague, 130, Fenchurch Street, EC3

Today's Events

GENERAL
Mr. Denis Healey, Chancellor of the Exchequer, speaks at TUC industrial strategy conference, Grand Hotel, Birmingham.
British Shipbuilders' corporate plan unveiled at Shipbuilding conference, Newcastle.
Mr. Harold Lever, Chancellor of the Duchy of Lancaster, speaks on small firms policy to Association of Independent Businesses, World Trade Centre, London.
Mr. Peter Shore, Environment Secretary, Mrs. Indra Gandhi, and Lord Carrington, at Indo-British Association annual dinner, Royal Garden Hotel, London.
Kirkby Manufacturing and Engineering Workers' Co-operation meets to consider take-over by Worcester Engineering.

Financial Times two-day conference "Business in Mexico" opens in Mexico City, Canadian Budget Day.
OFFICIAL STATISTICS
Consumers' expenditure (3rd quarter—2nd preliminary estimate); UK banks' assets and liabilities and the money stock (mid-October); London dollar and sterling coefficients of deposit (mid-October); Building Societies mortgage survey, 3 per cent sample survey results (3rd quarter); finished steel consumption and stock changes (3rd quarter provision).

PARLIAMENTARY BUSINESS
House of Commons: Estate Agents Bill, second reading; Motion on the Assistance for House Purchase and Improvement (Variation of Subsidy Order); Motion on EEC document on misleading and unfair advertising; House of Lords: Forestry Bill, second reading; Counter-Inflation Price Order 1978. Debate on National Parks.
COMPANY RESULTS
Final dividends: Kwik Save Discount Group, Long and Humber, Lloyds (Holdings), Northern American Trust Company, Scottish Cities Invest-

ment Trust, Selection Trust, Interim dividends: Boots Company, Braby Leslie, P. Panio and Co., Valor Company, Wilton Investment Company, Interim figures: Heild Brothers, Royal Dutch Shell, Royal Insurance Company.
COMPANY MEETINGS
Aberdeen Electricity Supply Corp., 11 Southampton Row, W.C. 2, Fenchurch Street, W.C. 2, Atherton, Manchester, 11 Schroder Prop. Fund for Pension Funds and Charities, 130 Cheapside, EC 1, 11, Salford, Beccitt Mills, Alverthorpe, Wakefield, 12 Trafford Park Estates, Midland Hotel, Manchester, 12, Westminster and County Prop., Grosvenor House, Park Lane, W. 1.

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COMPANY NEWS

Chloride jumps 68% to top £12m at halfway

ON SALES up 24.6 per cent to £108.81m, profits before tax of the Chloride Group advanced 68 per cent from a depressed £7.22m to £12.1m in the six months to September 30, 1978.

And Sir Geoffrey Hawkins, the chairman, says the year's performance for the group as a whole should exceed last year by a reasonable margin.

Sir Geoffrey explains that the first half last year was heavily influenced by strikes in the UK and Australia and management problems in the U.S.

Pre-tax earnings per share are shown at 8.5p (4.8p) and 4.3p against 2.7p net. The interim dividend is raised from 1.34p to 1.5p and the third interim of 0.0575p for 1977-78 which was declared following the tax reduction will now be paid with the current interim on January 8.

Last year, the total dividend of £13.7p (not including the third interim) was paid on pre-tax profits of £23.07m.

Sir Geoffrey says the first half performance was a good performance by the UK companies, especially in industrial batteries. In Europe, markets remain highly competitive, but we are continuing to gain market share.

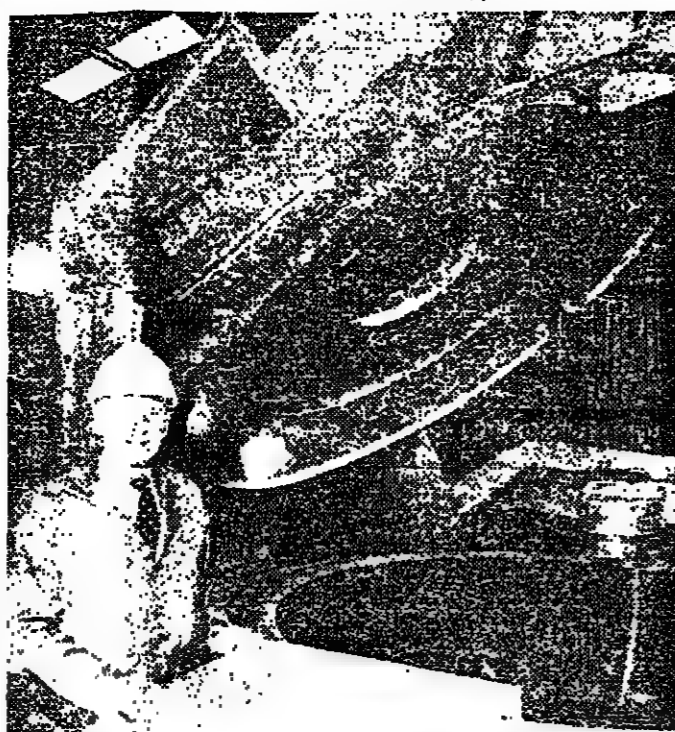
In the U.S. there had been an overall recovery. Results from the automotive division were encouraging but results from the industrial and systems divisions were still disappointing.

Generally, the group is doing well in volume, but margins are under pressure in many of the group's major markets, he adds.

Performance for the group in the full year is dependent on the general economic recovery in the U.K. and in particular and upon continued growth in the world economy.

"We still have problems in the U.S. and Australia and recovery is slower than we anticipated," he says.

The price of lead, the group's main raw material, tends to be volatile—between July and October it rose from £20 to £20 per tonne. However, even if this rise of £100 per tonne is maintained, earnings levels remain well within published limits and there are



Sir Geoffrey Hawkins, chairman of Chloride, seen examining one of the six new 50-ton refining pots in the group's lead smelting works at Abbey Wood in South East London. They are part of a smelting and refining complex just completed at a cost of £1m of which £500,000 is for environmental control equipment.

adequate financial facilities, the distribution of standing and fire alarm and protection systems, rather than on installation and service.

Capital expenditure at £10m during the first half was almost identical with that of the corresponding period last year and the figure for the full year is likely to be similar to last year's.

In September Chloride Granley was sold to RCA for £2.8m cash, giving rise to a profit of £1.5m, shown as an extraordinary item in the accounts.

This followed a review of the strategy in the systems field and a decision to concentrate resources on the manufacture and

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HIGHLIGHTS

The massive £32m rights issue from Beecham came as a surprise to the market given the big cash element in the last balance sheet but the company claims the proceeds will be used in the UK where capital spending is being stepped up. First-half profits at Beecham are nearly £5m higher but over half of this is due to the elimination of losses sustained in last year's strike. The third quarter results for Woolworths show a dull profits performance reflecting squeezed margins and the outcome for the year hangs on the vital Christmas period. Third-quarter figures from Phillips are also dull this time reflecting adverse currency movements. In contrast General Accident turned in a strong third quarter and for the first time in four years there is an underwriting profit at the 9-month stage.

ISSUE NEWS AND COMMENT

Talbex withdraws: Hoskins seeks £0.3m

BY TIM DICKSON

TALBEX, the diverse industrial group with Arab backing, has pulled out of bid talks with Birmingham-based Hoskins and Horton.

Last night Talbex revealed that it has sold its 29.9 per cent stake in Hoskins "following the failure to agree merger terms."

At the same time Hoskins announced that it is raising £11.6m by a rights issue. It has sold its 29.9 per cent stake in Hoskins "following the failure to agree merger terms."

Mr. de Savary said Talbex was still looking at companies which had a strong UK manufacturing base and export potential, particularly in the Middle East.

He said the Talbex-Aric links were "more solid than before" and Aric would continue its policy of providing support, advice and financial backing to Talbex.

Referring to the Hoskins saga, he added: "We have learnt a hell of a lot."

Dealing in Talbex shares, which were suspended on Monday at 10p, will also resume today.

comment

Right from the outset Hoskins and Horton fiercely resisted takeover approaches from Talbex. Now, following rumours in the market last week, the bid has finally broken down with Talbex wisely retreating to lick its wounds.

One way, the company is lucky to have found such a willing buyer for its stake in Hoskins and the doubled dividend promise from Hoskins indeed looks timely.

Nonetheless, a serious blow has been struck at the Aric strategy to acquire UK companies through a quoted investment vehicle and the next moves on this front will certainly be interesting.

Meanwhile, Hoskins is understandably taking advantage of its buoyant share price to raise capital. Borrowings are currently little more than a quarter of shareholders' funds, but the company says the proceeds will help finance spending on fixed assets. Hoskins has a steady, if unspectacular, profit record but after last year's setback in the hospital equipment market (due to Health Service cuts) trading appears to have recovered well. At the suspended price of 198p the ex rights price is 9.7 and the yield 8.4 per cent.

comment

There should be a good response to this latest water company issue. The coupon on the Colne offer has been bid at a full price since the last issue reflecting the recent trend in interest rates, and so at the minimum tender price the grossed up flat yield is 12.18 per cent and the redemption yield is 12.49 per cent. In terms of franked income this is worth just over 17 per cent. Because of the increase in the coupon there is nothing already in issue which offers a better return. However, West Kent for example a 7 per cent stock is only yielding 10.8 per cent flat and 11.32 per cent to redemption. All in all prospective buyers might have to tender as much as a full two points over the minimum price to get any stock.

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comment

Underwriting profit in third quarter boosts GA

A THIRD quarter underwriting profit of £5.4m on a world-wide basis, but the company's underwriting profit was more than sufficient to eliminate the first half deficit of £5.6m, and improvement for next year. The UK account also recorded a good third quarter with an underwriting profit of £2.5m arising from a sharp rise in investment income over the period to 30.9m, the pre-tax profits of the group nine months ended 30.9m to £56.2m.

Mr. David Blaikie, chief general manager, said yesterday that, as anticipated at the half year, an improving underwriting trend in both the UK and U.S. had continued through the third quarter to produce an underwriting profit for the first time in four years. He felt that present indications were that this advantage could be held during the rest of 1978.

Net written premiums received over the period advanced by 10.2 per cent from £50.5m to £55.6m. This was in line with expectations and if the effects of currency fluctuations are removed the underlying growth rate was 12.4 per cent.

In the U.S., which accounts for 40 per cent of GA's business, an excellent third-quarter produced an underwriting profit of £2.5m and resulted in a profit over the nine-month period of £1.7m compared with a loss of £1.1m for the corresponding period. An operating ratio of 93.32 per cent in the third quarter improved on the nine-month average of 93.32 per cent to 93.31 per cent, compared with 107.13 per cent last year.

The property account in the U.S. returned to profitability, while the motor experience continued to be good. Workmen's compensation of the year remained stable, but the company's underwriting profit was more than sufficient to eliminate the first half deficit of £5.6m, and improvement for next year.

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The UK account also recorded a good third quarter with an underwriting profit of £2.5m arising from a sharp rise in investment income over the period to 30.9m, the pre-tax profits of the group nine months ended 30.9m to £56.2m.

Mr. David Blaikie, chief general manager, said yesterday that, as anticipated at the half year, an improving underwriting trend in both the UK and U.S. had continued through the third quarter to produce an underwriting profit for the first time in four years. He felt that present indications were that this advantage could be held during the rest of 1978.

Net written premiums received over the period advanced by 10.2 per cent from £50.5m to £55.6m. This was in line with expectations and if the effects of currency fluctuations are removed the underlying growth rate was 12.4 per cent.

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Brown Shipley downturn

The merchant banking and stockbroking group, Brown Shipley Holdings, says the combined results of the group for the half-year to September 1978 are below those in the same period last year.

In addition the board does not expect the combined profits for the year in the end of March, 1979, to equal the record taxed profit of £1.0m in 1978—despite the present turmoil in the financial markets which may benefit the banking side.

It adds that the particularly favourable opportunities enjoyed by the banking group in the foreign exchange and security fields in 1977 were not repeated in the first half of this year. Other areas remained active, but demand for credit is still slack.

The insurance group has not found the expected increase in its overseas earnings, and falling commodity prices have depressed cargo brokerage.

The interim dividend is lifted from 4p to 4.5p, plus a deferred final dividend of 0.85p for the year to the end of March, 1979. The board is recommending the maximum permitted dividend of 5.35p.

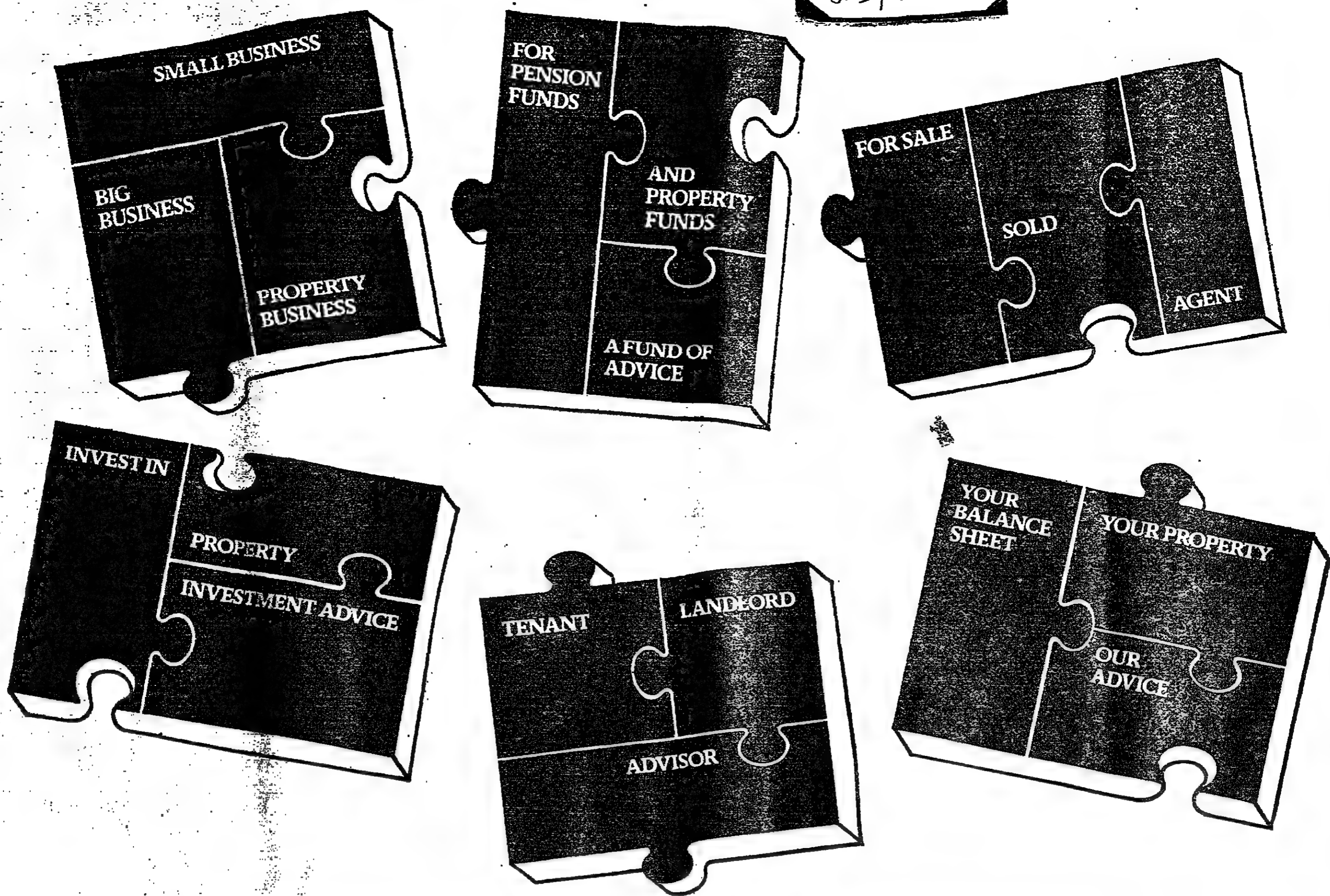
The Board says the higher turnover is largely due to the completion and finalisation of several old contracts. But profit has been affected by losses on some current contracts due mainly to poor building weather since the start of the year on the construction subsidiary's work in progress.

Pre-tax profits for the whole year, says the group, will not be significantly different from that of last year's £572,843.

Little change for Wight Construction

Pre-tax

مكتبة الأصول



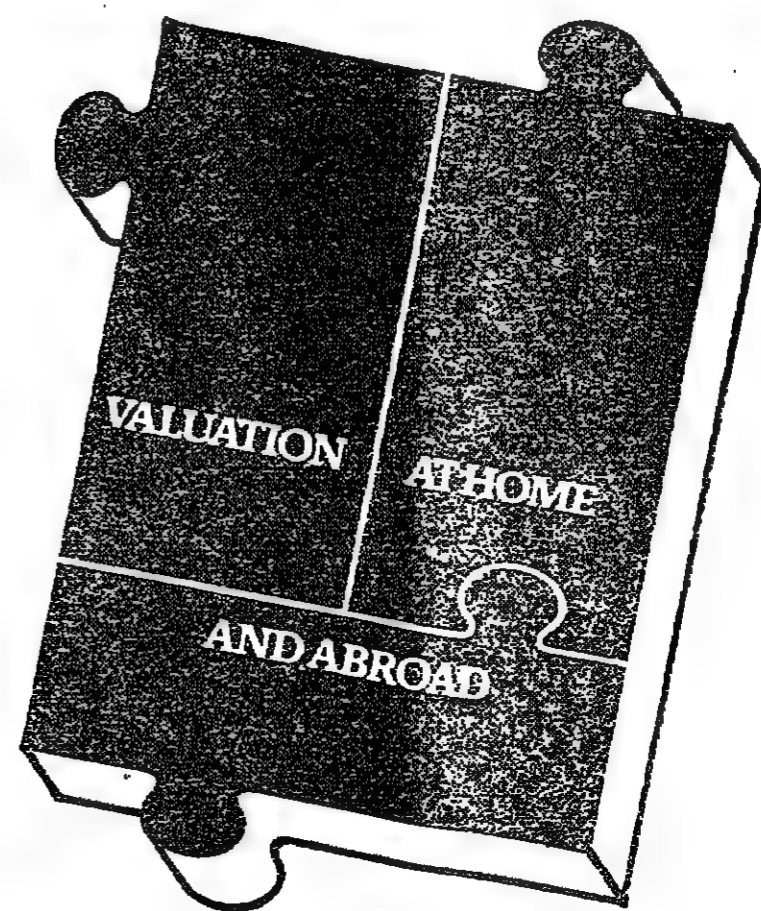
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Chartered Surveyors

Beecham tops £76m midway

Dentsply awaits benefits

ON TURNOVER more than halved from \$26.24m to \$10.52m, Dentsply, a ultimate holding company of which is Dentsply International Inc. of the U.S., incurred increased pre-tax losses of \$1.11m for the half-year to May 31, 1978, against \$27,000 last year. For the previous year losses were \$440,000 on turnover of \$51.3m.

Commenting on the figures for the first half the directors state that the time scale for the corrective action to bring the company back into profitability is running longer than originally envisaged.

The majority of the group's activities are now showing an improvement in order levels and trading profit. However, although

Pre-tax losses were incurred after interest payable, less other income, of \$360,000 compared with

Turnover of the subsidiary AD International fell from £7.9m to £6.8m for the six months and the company incurred pre-tax losses of £34,000 against £5,000; there was no tax charge—losses last time were cancelled by a £5,000 tax credit.

The pre-tax figure was after interest \$161,000 (\$49,000) and included exchange losses \$122,000 compared with gains of \$112,000.

Peachey's reorganisation begins to take shape

Brown Shipley Holdings Limited

Group for the half year to those in the same period last year. The group was particularly favourable for change and securities fields in the first half of this year. Other for credit is still slack.

turnout. Although this may be the Banking Group, the Group profits for the year to record level achieved in 1978. Since they intend to recom- the maximum permitted

Allied-Lyons accounting dates changed

have declared an interim dividend of 31st March, 1979, of 10% on a gross dividend of 10% with the intention expressed in the reduction of the standard rate. We have declared a deferred dividend for the year ended 31st March, 1979, the gross equivalent at

11th January, 1979, to share-
 mber, 1978.

y, London EC2R 7HE

ORTH

9 months ended
31st Oct 1978 31st Oct 1977

1976	1977
(unaudited)	
\$2000's	\$2000's
593,126	524,367
(34,518)	(29,793)
<u>558,608</u>	<u>494,574</u>
31,187	30,610
18,072	15,000

(6,270)	(5,962)
(3,384)	(4,539)
1,073	820
<u>432</u>	<u>116</u>
23,034	21,025
<u>12,798</u>	<u>11,490</u>
10,236	9,535

10,236	9,535
(803)	(743)
<u>9,428</u>	<u>8,792</u>

of £2 million due mainly to £1 million of development of new centres with benefits to their operations.

in excess of last year.

(continued)

Chamberlin & Hill improves

ALTHOUGH several plants worked below optimum capacity during the six months to September 30, 1978, Chamberlin & Hill was reasonably satisfactory and more consistent than during last year. This resulted in pre-tax profits for the period improving from a depressed £108,104 to £222,492.

On prospects the directors say that indications are that demand will continue at current levels.

The net interim dividend is stepped up from 1.3p to 1.35p and a one-for-two scrip issue is proposed. In addition two supplementary payments of 0.021p and 0.023p for 1977-78 and 1977-78 respectively are declared on the reduction in A.C.T. The additional payment for last year brings the total for 1977-78 to 2.745p on profits of £222,492.

	1978	1977
Turnover	3,972,000	3,250,000
Pre-tax profits	222,492	108,104
Tax	22,492	10,810
Net profits	200,000	97,294
Dividends	13,500	13,500
Reserves	12,500	12,500

Peak seen by Warner Holidays

Pre-tax profit of Warner Holidays rose from £201,000 to £234,000 for the half-year to July 31, 1978, and the directors say they anticipate an improved profit for the full year, against a peak of £171,110 for 1977-78.

The net interim dividend is unchanged at 0.35p per 10p share, the previous year's final being 0.275p.

Gross revenue for the six months was ahead from £4,022 to £4,500 and the profit figure was subject to tax of £134,000 against £156,000.

D. Dixon well up midway

ON TURNOVER, up by over £1m from £4,420 to £5,550, taxable profits of David Dixon and Son Holdings, wooden cloth and hosiery manufacturer, increased

MINING NEWS

Share sales bolster Charter profits

BY KENNETH MARSTON, MINING EDITOR

THANKS to exceptional share sales, net profits of London's Charter Consolidated for the first half of the current year to next March have risen to £14,480 from £13,100 in the same period of 1977-78 when the year's total reached £23,440.

First-half earnings per share amounted to 13.7p against 12.5p and the previous full year's total of 24.2p. Charter, doing no more than maintain its interim dividend at 3.025p, the previous year's final was 3.275p, making a total of £3,014.5p against £2,942.4p in 1976-77.

	1978	1977
Investment income	1,135	1,135
Realisation of investments	1,135	1,135
Trading profits	1,135	1,135
Admin. expenses	1,135	1,135
Provision for depreciation	1,135	1,135
Retained profits	1,135	1,135
Group before tax	1,135	1,135
Associated companies tax	1,135	1,135
Profit after tax	1,135	1,135
Minority interests	1,135	1,135
Attributable	1,135	1,135
Shareholders' share	1,135	1,135

The advance surplus on realisation of investments to £9,170 from £2,660 a year ago probably reflects sizeable sales of South African gold shares, possibly of Harmony and Anglo, which figured largely in Charter's portfolio at March 31.

Sharemarket conditions have been attractive for such a move, which would also release funds for reinvestment in the group's stated policy is to achieve a more equal balance between UK and foreign earnings.

The other major factor in the latest figures has been the inclusion for the first time of trading results of the 37 per cent owned struggling Cleveland Potash operation. They cover a period of three months and Charter's share of the Cleveland loss for that period is £1,135; thus the mine's total losses were running at an annual rate of £20,210.

Charter's results for the current half-year will thus take in those of Cleveland for six months. Unless there is any major improvement in the Yorkshire potash producer's fortunes, and this seems unlikely, Charter's annual results will accordingly have to carry an increased burden.

At the same time, it must be assumed that the exceptionally high first-half share realisation profits will not be repeated. Other income sources may not be much changed apart from a rise in interest received as a result of the funds arising from the first-half share sales.

So Charter's earnings for the second-half look like falling short of those of the first months, a view which is underlined by the absence of any increase in the interim dividend. Following the

latest results Charter shares dropped 8p to 132p yesterday.

Malayan twins earn less

REDUCED profits for the year to June 30 are reported by the Malaya Mining Corporation and Southern Malayan Tin Dredging. Earnings of Malayan amount to £138,150 (£143m) compared with £138,150 in 1976-77. A final dividend is declared of 150 cents (30.2p) less Malaysian income tax of 40 per cent.

Benefits of a higher tin price received have been outweighed by lower production while a high level of tax has been sustained, mainly because a large proportion of the river deviation expenditure has not been available for tax relief. In addition there has been the higher incidence of tin profits tax; the latter is now levied from 15 per cent to 12 per cent.

Despite a reduced tin concentration production, pre-tax earnings of Southern Malayan rose during the year to £138,150 from £138,150. However, the figure has dropped to £138,150 from £138,150 last time as a result of a sharp increase in tax. A final dividend of 115 cents less Malaysian tax of 40 per cent is declared.

Dome Mines, the diversifying Toronto group, has achieved a strong growth in earnings on the back of its gold mines and revenue from two affiliated companies, Dome Petroleum and Canada Tungsten Mining.

In the nine months to September, net profits were £333,300 (£33.3m) or 68.9p a share. This surpasses the total 1977 earnings of £333,300 and compares with profits in the first three quarters of 1976 of £333,300, or 68.9p a share.

The latest figures reflect earnings of Dome's own gold mine at Timmins in Ontario and the consolidation of the 57 per cent-owned Campbell Lake Mines and the 63 per cent-owned Sigma Mines (Quebec). Rullion revenue averaged £231,100 an ounce against £156,130 an ounce in the first three quarters of 1977.

Dome Petroleum, which pays no dividends, accounted for £18,800 of the Dome Mines profits.

TRANS-NATAL
Net income at Trans-Natal Coal, a unit of the General Mining group in South Africa, was £4,900 (£2,88m) in the three months to

September. The group's earnings for the first three months of 1978 were £4,900 (£2,88m) compared with £4,900 (£2,88m) in the same period of 1977.

WINN PURCHASE
Engineering and construction group Winn Industries is bidding £23,000 in cash and shares for the 51 per cent-owned Preston Sheet Metal Manufacturers of tin and terne-coated steel sheets. Under the terms of the deal

arrangement, Francis Sumner (Holdings)—Mr. S. Wetzel, director, has sold 170,000 shares, which would make a total holding of 3,846,666 (84.4 per cent).

General Shareholders' Investment Trust—Mr. W. J. R. Gort was reported to have disposed of 200,000 ordinary shares. The company is, in fact, Stockholders' Investment Trust.

SAML OSBORN
Aurora Holdings has sent details of its 80p 2 share offer for all the 51 per cent cumulative preference subsidiary Samuel Osborn. An EGM for the preference shareholders is to be held at Aurora's Sheffield offices on December 7.

ASSOCIATES DEALS
Barling Brothers on November 14 bought 100,000 Associated Dairies at 170p for Discretionary Investment clients.

Pamure Gordon and Company bought 1,500 Midland Educational at 255p for Alfred Preezy and Sons.

INDUSTRIES
In a £15,000 deal, Lindusries has acquired the coil strip process machine division of Redman Engineering.

SENIOR ENG.
Selfridge Engineering Group has acquired David Worthington for £370,000 cash.

Worthington, of Blackpool, is a manufacturer both of original equipment and replacement exhaust systems for heavy commercial vehicles. It will become part of Senior's steel tube division and its products are complementary to its manipulation business.

BROCKS GROUP
Brocks-Group has acquired from the Receiver of Calveley Electronics the assets of the company, comprising marine communications and land mobile VHF equipment, at asset value for a consideration of £280,000 plus VAT. This is to be satisfied by an immediate cash payment.

SHARE STAKES
This includes full settlement of the early transaction referred to in the chairman's statement for the 1977 report and accounts which was for a time in dispute.

SHARE STAKES
The Joseph Rowntree Memorial Trust have disposed of 25,000 ordinary shares at 380p and 25,000 shares at 385p. They are now interested in 4,137,498 ordinary shares (7.56 per cent). Sir Donald Barron, the company chairman, is a trustee.

SuitLife Speakman: Chairman holds 255,075 shares and not 201,274 shares as previously reported.

Berry Trust—United Kingdom Temperance and General Provident Institution now holds 1,600,000 shares (10.22 per cent). Bernard Wardle-Throgmorton Trust has disposed of 250,000 ordinary shares, thereby reducing its interest to 750,000 shares (4.18 per cent).

Alexanders Holdings—Board reports that Henry Clayton and family interests purchased 25,000 "A" ordinary shares at 164p on November 8, 1978.

Marlborough Property Holdings—Mr. W. T. Chown, on October 31, 1978, sold 261,000 ordinary shares thereby reducing his beneficial interest to 86,558 shares (less than 5 per cent). Also on October 31, his wife Mrs. T. V. L. Chown sold 114,000 ordinary shares, being her entitlement under a loan stock conversion of under a loan stock conversion

APPOINTMENTS

Changes at Albright & Wilson

Group management changes have been made by ALBRIGHT AND WILSON. Dr. Malcolm R. Clark is to be managing director of Bush Boake Allen in place of Mr. R. G. Mason, who retires in 1979. Mr. Julian Boyden will succeed Dr. Clark as chairman of BBA's Ravours sector; Mr. G. R. James will become chairman of the detergents section from January 1, succeeding Dr. Giorgio Berra, who is leaving the company and returning to Italy; and Dr. Stewart Cox appointed managing director of Albright and Wilson (Australia) from the beginning of next year replacing Mr. James.

Mr. Michael Blanden, banking correspondent of the Financial Times, has been appointed Editor of Financial Weekly, the new financial newspaper to be published in the New Year by Fleet Financial Publishing. Mr. Blanden has been with the Financial Times for nine years and was previously City Editor of the Guardian.

Commercial Union Assurance Company states that Mr. Michael Fenton-Jones will, at his own request, relinquish his position as managing director of COMMERCIAL UNION PROPERTIES from March 31, 1979, but will remain on the Board of that company as a non-executive director. He will continue to be involved in the property world. Mr. John Parry will become managing director of Commercial Union Properties and Mr. Michael K. Holloway will continue as finance director of that concern.

Mr. Keith A. Kimber has been appointed sales director of D. and R. England, Standeven and Co., and Duncan Barraclough and Co., subsidiaries of JOHN FOSTER AND SON. He has not become sales director of John Foster and Son as reported yesterday.

MAGNET JOINTERY SALES has appointed three new members to its Board. They are: Mr. Christopher J. Oxford (Merseyside and North Wales), Mr. Paul T. Duxbury (export sales), and Mr. John Suckling (Lancashire).

Mr. Barry Linger has been appointed engineering director of HOWARD ROTAVATOR COMPANY in succession to Mr. John Craig, who takes over as director of the new product management department.

Mr. Cedric Stevenson has joined the BRITISH NUCLEAR FORUM as assistant director. Claude Massall has become assistant secretary general of the European Association of Nuclear Forums. British Nuclear Forum

Mr. Phillip Gheerbrant, since 1974 an advance manager in London of National Westminster Bank's international banking division, has been appointed deputy managing director of ROYWEST BANKING CORPORATION, an associate of NatWest, based in Nassau, Bahamas.

Mr. D. A. Fagg has been appointed managing director of the PROTECTIVE PAPERS, a member of the St. Reals Printing and Flexible Packaging Division. Mr.

Mr. John A. Barber, former finance director of Cope Allman International, has joined the Board of MERTON ASSOCIATES (CONSULTANTS) as an executive director.

Mr. J. C. Wood and Mr. W. S. Kennedy have been appointed directors of SINTERED PRODUCTS following the retirement of Mr. G. R. Rothero as works director. The parent concern is Sheepbridge Engineering.

Mr. J. A. Blair is rejoining the Board of AGRUX INDUSTRIES on his retirement from his commitments as managing director of Hill Samuel SA in South Africa.

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Bank of New South Wales

Bank of New South Wales announces that with effect from Thursday, 16th November, 1978 its base rate for lending will be increased from 11½% to 12½% per annum.

Bank of New South Wales, 29 Threadneedle Street, London, EC2R 8BA.

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Manufacturers of Wylex Electrical Products

WYLEX

Main points from the circulated Statement of Mr. G. R. C. McDowell, for the year ended 30th June 1978.

	1978	1977
Trading Profit	£1,982,185	£1,780,246
Interest on Short Term Deposits	£51,574	£104,692
Profit before taxation	£2,034,159	£1,884,938
Taxation	£701,704	£837,749
Profit after taxation	£1,242,455	£1,027,189
Dividends per share (net)	18.52p	16.586p

The company has had another record year. With turnover now in excess of £10m we have achieved a profit before tax of £2,034,159.

Steady improvement in our export sales, resulting in a turnover in excess of £1m. Nigeria has been our largest single market, followed by Singapore and Malaysia.

Our development team has succeeded in the completion of our new product range. All of these will contribute significantly to our turnover in the current financial year.

Supporting this development has meant a considerable increase in capital expenditure which was in excess of £500,000. It is the company's intention to continue investment in plant and buildings at the same level.

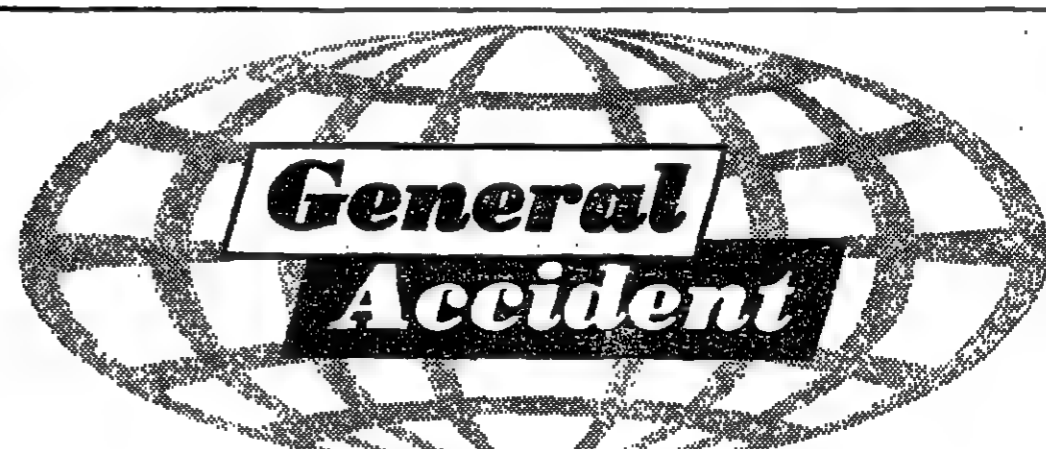
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The Multiple Sclerosis Society of G.B. and N.I.
4 Tachbrook Street,
London SW1 1SJ



Nine months' results

Interim Statement
The results for the nine months ended 30th September 1978, estimated and subject to audit, are compared below with those for the similar period in 1977 which are restated at 31st December 1977 rates of exchange; also shown are the actual results for the full year 1977.

It must be emphasised that the results for the interim period do not necessarily provide a reliable indication of those for the full year.

	9 Months to 30.9.78 Estimate £ Millions	9 Months to 30.9.77 Estimate £ Millions	Year 1977 Actual £ Millions
Net written premiums—General Business	580.7	508.5	674.6
Investment Income	64.5	55.1	75.3
Underwriting Results—General Business	0.8	(8.1)	(6.3)
Long Term Insurance Profits	2.0	1.9	2.7
Loan and Bank Interest	67.1	48.9	71.7
Profit before Tax and Minority Interests	66.2	47.7	70.2
Exchange Rates:			
U.S.A.	\$1.93	\$1.92	\$1.92
Canada	\$2.34	\$2.10	\$2.10

Net written premiums and investment income increased in sterling terms by 10.3% and 17.0% respectively. Adjusted to exclude the effects of currency fluctuations, the increases were 12.4% and 19.5% respectively.

There was an underwriting loss in the United Kingdom of £0.6 million (1977 £3.2 million loss) on net written premiums of £214 million (1977 £176 million). The improved results achieved in the second quarter were maintained in the third and all major classes are now in profit for the nine months, with the exception of Homeowners. Experience in this account continues to be generally unprofitable, quite apart from the influence of weather losses in the early part of the year.

In the United States net written premiums were \$407 million (1977 \$371 million) and the operating ratio was 98.21%, as compared with 101.12% for the same period in 1977. The underwriting account overall continues to improve with a third quarter operating ratio of 95.52%. For the nine months all major lines, other than the Compensation account, are in profit, and the aggregate result on the U.K. basis is a profit of £1.7 million (1977 £4.1 million loss).

Elsewhere, apart from better results in Europe and a sharp deterioration in New Zealand, there was no significant departure from recent underwriting trends.

General Accident Fire & Life Assurance Corporation Ltd
World Headquarters, General Buildings, Perth, Scotland.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Cargill makes \$67.5m bid for beef slaughterhouse

BY STEWART FLEMING

CARGILL, the giant U.S. grain company, today launched a \$67.5m takeover bid for one of the nation's largest beef slaughterhouses, MBPXL Corporation of Wichita, Kansas.

The move follows an announcement last week that Pacific Holdings, like Cargill, a private company, was moving to acquire 82 per cent of the largest U.S. beef slaughtering company, Iowa Beef Processors, for \$225m.

Pacific Holdings, which makes containers and ceramic products and is involved in mining ventures, already owned 18 per cent of Iowa Beef. Last year Iowa Beef reported sales revenues of \$28m and net profits of \$30m.

MBPXL is a smaller beef pro-

cessing concern, with sales last year of \$96m and net income of \$5.3m, or \$2.16 a share. Cargill's \$27 a share offer puts the company on an exit price earnings multiple of 12.5 compared with an exit multiple of 9.5 for Iowa Beef.

Cargill's swoop on MBPXL appears to be designed to try to block any rival offer. Cargill disclosed that it has already contracted to purchase about 9 per cent of the common stock of MBPXL from major shareholders in the company whom it did not name. It remains to be seen whether this prior arrangement is challenged. The takeover interest in the beef slaughterhouse business is undoubtedly related to the bright long term prospects which many

analysts see, and also to the immediate outlook. The beef cycle is currently at a low ebb. In the wake of the 1974-75 recession, with beef prices depressed and feed costs high, many ranchers reduced the size of their herds. More recently, however, the recovery in demand, coupled with the restriction in the supply of cattle for slaughter from the smaller herds, has resulted in soaring prices for beef. This situation is expected to continue for two or three years, since it takes some time for herds to build up again. Profits in the slaughter industry are thus expected to increase sharply, although analysts predict that there could be substantial quarter to quarter swings in prices and profitability.

The inland merger was achieved through an exchange of cash and common and preferred stock of Time, the deal being valued at \$275m. The American TV merger, valued at \$145m, was effected for cash and new Time preferred stock.

Mergers at Time Inc. become effective

NEW YORK, Nov. 15.

MERGERS OF Inland Container and American Television and Communications into wholly-owned separate subsidiaries of Time Inc. have now become effective.

The inland merger was achieved through an exchange of cash and common and preferred stock of Time, the deal being valued at \$275m. The American TV merger, valued at \$145m, was effected for cash and new Time preferred stock.

Simmons sale Industrial Valley Bank and Trust has agreed to buy all outstanding stock of American Acceptance, a wholly-owned subsidiary of Simmons, itself the subject of an offer from Gulf and Western, AP-DJ reports from Philadelphia.

Lykes meeting A federal judge has denied a motion seeking to delay the Lykes shareholders meeting on December 5 to vote on merger with LTV Corporation, AP-DJ reports from New York. Mr. Marshall P. Saff, chairman of Lykes, said the company is not in a position to block the merger vote until a court of appeals in Manhattan acts on his request for a rehearing on a separate legal case he has pending against a Lykes subsidiary.

RETAIL SUPERMARKETS

Falling dominoes

BY JOHN WYLES

THE Domino Theory, once part of the lingua franca of Vietnam war strategists, is now tripping off the lips of analysts of the U.S. retail supermarket scene, as first one and then another grocery chain topples into bankruptcy proceedings.

The domino analogy was, in fact, suggested by one of the tottering chains, Allied Supermarkets of Livonia, Michigan, which draws annual sales of \$760m from operating 114 supermarkets in three states. Announcing last week that it was filing for protection from its creditors under Chapter 11 of the federal bankruptcy laws, Allied laid some of the blame at the feet of Food Fair, a leading eastern supermarket chain which filed for Chapter 11 in October listing assets of \$492.6m and liabilities of \$535m.

Quite simply, Allied's trade creditors and banks, themselves under pressure from rising interest rates, and aware of the company's financial frailty after five consecutive years of loss-making, had been acutely reminded of their financial exposure by the Food Fair debacle, and wanted to protect themselves through "changes" in their credit arrangements.

Under Chapter 11, a company may continue to operate while enjoying court protection from its creditors' lawsuits, so that it can work out a plan for paying its debts. Once creditors become afflicted by a loss of confidence and start shortening payment terms, or even demanding cash on delivery, they are tapping a vein of cash flow which can lead to swift paralysis for a supermarket operation. Thus, the crisis of confidence started at Food Fair, swept through Allied, and may engulf others.

Not surprisingly, attention is now focusing on the Great Atlantic and Pacific Tea Company, once the largest supermarket chain in the U.S. and for the past four years a beached whale struggling for safe water. Having lost \$16.3m in the first half of its 1978 fiscal year, A & P is framing its second recovery programme in four years, although the first has left it with only half as many stores as it had in 1973. But money is not all that has been lost. Management's credibility with investors and suppliers is certainly not what it was, while customers who voted with their feet have not yet been lured back to the fold by the astonishing re-introduction in September of trading stamps, some six years after A & P had phased them out.

As trading conditions tighten throughout the supermarket industry, recent trading failures threaten to have a "ripple" effect on other retail groups.

Food Fair's president, Mr. Jack Friedland, was forced to step down as president on Monday on the eve of bankruptcy hearings which revealed that in the 20 days after bankruptcy was filed on October 2, the company lost \$10.7m. A large portion of the losses were attributable to suppliers refusing to deliver goods which had been ordered, particularly to the J. M. Fields discount store division. Field's creditors are claiming around \$40m, and are in conflict with the Food Fair grocery suppliers, and this has led to the creation of two separate creditors' committees, one for each group. The bankruptcy court was told on Tuesday that thanks to Food Fair's guaranteeing Field's debts to suppliers, merchandise was again rolling into the discount stores in time for the Christmas selling season. Food Fair is searching for a new chief executive and is hoping that a change at the top, coupled with the hiring of Tompkins Ross to develop a new accounting system, will generate sufficient confidence to put an end to what Mr. Friedland has termed a "temporary liquidity problem".

EUROBONDS

Renewed weakness in DM sector

By Francis Guthrie

THE International bond markets were mixed yesterday with prices in the dollar and sterling sectors moving up while those in the Deutsche-Mark sector finished the day about a quarter of a point down.

All Quiet on the Western Front was one dealer's comment on a stable dollar, and no shift in interest rates helped push the dollar-denominated bonds by 1/4 of a point up the day.

The prices of longer dated issues moved up more on average than those of shorter term paper. In the sterling sector, most issues put on a further half point. The Deutsche-Mark sector was weaker again, yesterday's prices fell at the start of trading, and despite a recovery in the afternoon ended the day on a softer note than Tuesday. The section of the DM400m for the World Bank announced last Tuesday was described as reasonable, but nobody is calling it a "hot" issue.

The DM150m straight issue for the Republic of Finland is expected to be priced to-day by the market. The continued weakness in this sector of the market is all the more notable as it occurs at a time when the domestic Deutsche-Mark market is showing signs of greater firmness. The Bundesbank was able to sell DM48m worth of paper yesterday. The KDfM bond for the Algerian state shipping company CNAH has been priced at par with conditions otherwise unchanged by the lead managers, BAI and KfW. The next Kwali-dinar-denominated bond will be for the Banque de Développement Economique de Tunisie (BDET) for 100,000,000 francs with an indicated coupon of 8 per cent. The lead manager for this bond, which is being underwritten by a consortium of banks, is Citibank. The issue carries a foreign guarantee.

George Weston growth slows TORONTO, Nov. 15. WITH NET earnings showing a gain of 112 per cent at \$31.7m at the end of the first nine months, George Weston, the Toronto-based supermarket and food processing group, is increasing the quarterly dividend by 30 per cent to 21 cents.

UK ECONOMIC INDICATORS ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100), engineering orders (1975=100), retail sales volume, retail sales value (1971=100), registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; H.P. new credit; all seasonally adjusted. Minimum lending rate (end period).

* Not seasonally adjusted.

Court denies Kennecott

WOODRIDGE, Nov. 15. CURTISS-WRIGHT said the U.S. Court of Appeals for the second circuit has denied Kennecott Copper's request that it reconsider its recent decision upholding Curtiss-Wright's appeal in the Kennecott proxy contest litigation.

Mr. T. Roland Berner, the chairman of Curtiss-Wright, said the decision clears the way for the Court-ordered reconvening of the Kennecott annual meeting for stockholders to express their preference for directors.

He said the annual meeting had been temporarily delayed by Kennecott's petition. Agencies

Department store gains

NEW YORK, Nov. 15.

FURTHER TRADING reports from the department store sector show advances in both sales and profits.

Carter Hawley Bale Stores, with gains of 13.6 per cent to \$24.9m in net earnings and 32 per cent to \$1.33bn in sales at the nine-month stage, is well on the way to achieving its forecast of record sales and profits for the year. Share earnings have risen so far from 82 cents to 92 cents, against a forecast of earnings "substantially ahead" of the \$2.37 a share earned in the previous year.

Carter Hawley's third quarter brought a 12.7 per cent gain in

net earnings at \$10.6m or 40 cents a share against 38 cents on sales increased by 32 per cent to \$408.6m. Federated Department Stores reported a 2 per cent gain to \$99.6m in net earnings and 9 per cent to \$3.6bn in sales at the end of the first nine months trading. Share earnings of \$2.07, compared with \$2.03 for the third quarter, Federated turned in net earnings 2 per cent higher at \$46.3m or 96 cents, against 84 cents, on sales increased by 8.3 per cent at \$1.3bn.

Agencies

CHEMCO EQUIPMENT FINANCE LTD., U.K.

subsidiary of
CHEMICAL BANK
New York,

announces that it has provided funds for the largest telescopic crane in the world, the Gottwald AMK200 for

G.W. Sparrow & Sons Ltd

CHEMCO EQUIPMENT FINANCE LTD.

Richard Holloway
Managing Director
85-87 Jermyn Street, London SW1Y 6JD. Tel: 01-839 5451
and at Charlotte House, 17 Charlotte Square, Edinburgh.
Tel: 031-225 8924/5

Seagram sees 10% gain

MONTREAL, Nov. 15.

SEAGRAM, the world's biggest drinks business, sees first quarter earnings more than 10 per cent higher than the U.S.\$35.1m or 90 cents a share recorded last year. Mr. Philip Beekman, president, told the annual meeting that the future "looks even better" than in previous years.

International operations are trending upward and becoming a more significant part of the group's business, providing a better balance to overall results while oil and gas should add significantly to earnings in the coming years, Mr. Beekman declared.

Later, the company raised its quarterly dividend from 23 cents to 26 cents (Canadian) a share, payable December 15.

AMERICAN QUARTERLIES
BEKER INDUSTRIES
Third Quarter 1978 1977
Revenue 50.6m 45.6m
Net profit \$3.88m 257,000
Net per share 0.34 0.02
Nine Months
Revenue 149.4m 127.7m
Net profit \$5.48m 986,000
Net per share 0.48 0.08
Lose
PLAYBOY ENTERPRISES
First Quarter 1978 1977
Revenue 73.9m 65.33m
Net profit 4.5m 4.8m
Net per share 0.45 0.45
READING & BATES OFFSHORE
Fourth Quarter 1978 1977
Revenue 58.1m 53.5m
Net profit 3.25m 6.13m
Net per share 0.68 0.80
Year
Revenue 196.1m 200.9m
Net profit 22.63m 20.87m
Net per share 2.93 2.73
SONESTA INT. HOTELS
Third Quarter 1978 1977
Revenue 29.5m 25.7m
Net profit 339,000 496,000
Net per share 1.08 0.21
Nine Months
Revenue 88.6m 78.3m
Net profit 2.41m 2.47m
Net per share 1.34 1.07
SUPERIOR OIL
Third Quarter 1978 1977
Revenue 197.2m 143.0m
Net profit 11.1m 18.5m
Net per share 2.78 4.61
McGraw-Hill Ryerson
Third Quarter 1978 1977
Revenue 9.2m 8.5m
Net profit 1.6m 1.4m
Net per share 0.75 0.70
Nine Months
Revenue 28.6m 27.2m
Net profit 2.1m 2.1m
Net per share 1.06 1.07
PERKIN-ELMER
First Quarter 1978 1977
Revenue 182.4m 119.6m
Net profit 9.57m 4.62m
Net per share 0.48 0.24

WINNERAGO INDUSTRIES
Fourth Quarter 1978 1977
Revenue 73.9m 37.0m
Net profit 1.18m 2.56m
Net per share 0.08 0.10
Year
Revenue 229.1m 213.9m
Net profit 1.11m 3.31m
Net per share 0.04 0.13
Lose

Weekly net asset value on November 13th, 1978
Tokyo Pacific Holdings N.V.
U.S. \$67.02
Tokyo Pacific Holdings (Seaboard) N.V.
U.S. \$48.83
Listed on the Amsterdam Stock Exchange
Information: Pison, Helderling & Pison NV Herengracht 214, Amsterdam

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave, London EC3V 3LU. Tel: 01-283 1101.
Index Guide as at November 7, 1978 (Base 100 at 14.1.77)
Clive Fixed Interest Capital 128.99
Clive Fixed Interest Income 113.89
ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.
45 Cornhill, London EC3V 3PB. Tel: 01-623 6314.
Index Guide as at November 5, 1978
Capital Fixed Interest Portfolio 100.02
Income Fixed Interest Portfolio 100.01

VONTABEL EUROBOND INDICES
PRICE INDEX 14.11.78 14.5.78=100%
DM Bonds 104.91 105.40
U.S. 5 Yr. Bonds 95.77 95.77
Can. Dollar Bonds 94.41 94.40
AVERAGE YIELD 14.11.78 7.11.78
DM Bonds 6.592 6.506
U.S. Bonds & Notes 8.307 8.299
U.S. 5 Yr. Bonds 9.520 9.521
Can. Dollar Bonds 10.521 10.510

PHILIPS
N.V. PHILIPS' GLOEILAMPENFABRIEKEN (PHILIPS INDUSTRIES)
Eindhoven, The Netherlands
The Board of Management hereby gives notice to the shareholders of N.V. Philips' Gloeilampenfabrieken that an EXTRAORDINARY GENERAL MEETING will be held on Thursday, December 7th, 1978, 2.30 p.m. in the "Philips Ontspannings Centrum", Mathildelaan, Eindhoven. Shareholders of N.V. Gemeenschappelijk Beziel van Aandeelen Philips' Gloeilampenfabrieken (Philips Lamps Holding) are entitled to attend this meeting.

AGENDA

1. Opening.
2. Proposal to elect Mr. W. Dekker, with effect from 1 January 1979, to the Presidency of the Board of Management and, by the same token, Vice-President of the Company.
3. Any other business.
4. Conclusion.

Shareholders of N.V. Gemeenschappelijk Beziel van Aandeelen Philips' Gloeilampenfabrieken (except for holders of shares registered in their name in the New York Register to whom the regulations mentioned under B below apply) who (in person or by proxy) wish to attend this meeting and to address it, must deposit their shares, or letter of confirmation as referred to in article 8 of the Articles of Association, in exchange for a receipt serving for admission to this meeting, not later than Thursday, November 30th, 1978.

A. in the Netherlands: at the Amsterdam-Rotterdam Bank N.V., in Amsterdam, Herengracht 597, or at the office of the Company in Eindhoven, Pieter Zeemanstraat 8.
in the United Kingdom: at Hill Samuel & Co. Limited, 45 Beech Street, London EC2P 2LX.
in other countries: at the banks designated for such purpose. Further particulars can be obtained from Hill Samuel & Co. Limited.

B. Holders of shares registered in their name in the New York Register who (in person or by proxy) wish to attend this meeting and to address it, should give written notice to that effect to the Company not later than Thursday, November 30th, 1978, at the office of the Bankers Trust Company, Reorganization Department, Two Broadway, 2nd Floor, New York, N.Y. 10004.
Eindhoven, November 16th, 1978.

PHILIPS

The Tokai Bank Ltd
Negotiable Floating Rate U.S. Dollar
Certificates of Deposit
Series B Maturity date
17 November 1980

In accordance with the provisions of the Certificate of Deposit notice is hereby given that for the six month period from 16 November 1978 to 16 May 1979 the Certificates will carry an Interest Rate of 12 1/4% per annum.

Agent Bank
The Chase Manhattan Bank, N.A.,
London

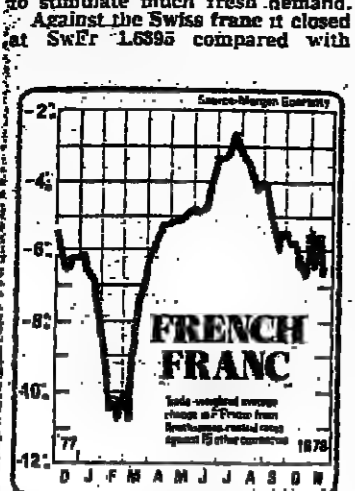
OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT
U.S.\$40,000,000 Guaranteed Floating Rate Notes 1982
Notice is hereby given pursuant to Condition 5 of the Terms and Conditions of the above-mentioned Notes that the Rate of Interest (as therein defined) for the Interest Period (as therein defined) from 17th November, 1978, to 17th May, 1979, is at the annual rate of 12 1/4 per cent. The U.S. Dollar amount to which the holders of Coupon No. 5 will be entitled on July presenting the same for payment will be U.S.\$2,218.85 subject to appropriate adjustment thereto (or the making of other appropriate arrangements of whatever nature) which we may make, without further notice, in the event of an extension or shortening of the above-mentioned Interest Period.

EUROPEAN BANKING COMPANY LIMITED
on behalf of
EUROPEAN-AMERICAN BANK & TRUST COMPANY
16th November, 1978 (Fiscal Agent)

Currency, Money and Gold Markets

Support keeps dollar steady

Trading continued at a generally low level in yesterday's foreign exchange market with the dollar steady. The dollar traded at a low level, supported by the Bundesbank's intervention. The dollar traded at a low level, supported by the Bundesbank's intervention. The dollar traded at a low level, supported by the Bundesbank's intervention.



SwFr 1.6300 on Tuesday. Similarly the D-Mark was slightly weaker at DM 1.8855 against the U.S. dollar. Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation narrowed to 9.3 per cent from 9.7 per cent.

FRANKFURT — The dollar's strong level in yesterday's foreign exchange market with the dollar steady. The dollar traded at a low level, supported by the Bundesbank's intervention. The dollar traded at a low level, supported by the Bundesbank's intervention.

Against the Swiss franc it closed at SwFr 1.6300 compared with SwFr 1.6250 on Monday. The dollar's strong level in yesterday's foreign exchange market with the dollar steady. The dollar traded at a low level, supported by the Bundesbank's intervention.

STERLING — The dollar's strong level in yesterday's foreign exchange market with the dollar steady. The dollar traded at a low level, supported by the Bundesbank's intervention. The dollar traded at a low level, supported by the Bundesbank's intervention.

THE POUND SPOT

Nov. 15	Bank rate	Day's spread	Close
U.S. \$	81.1950	1.5700	1.5700
Canada \$	81.1950	1.5700	1.5700
Swiss Fr	81.1950	1.5700	1.5700
Deutsche Mark	81.1950	1.5700	1.5700
French Fr	81.1950	1.5700	1.5700
Italian Lira	81.1950	1.5700	1.5700
Japanese Yen	81.1950	1.5700	1.5700
Spanish Pes	81.1950	1.5700	1.5700
Portuguese Esc	81.1950	1.5700	1.5700
Belgian Fr	81.1950	1.5700	1.5700
Dutch Guilder	81.1950	1.5700	1.5700
Austrian Sch	81.1950	1.5700	1.5700
Scandinavian Kron	81.1950	1.5700	1.5700
Irish P	81.1950	1.5700	1.5700
Greek Dr	81.1950	1.5700	1.5700
Israeli S	81.1950	1.5700	1.5700
Indian Rupee	81.1950	1.5700	1.5700
Singapore D	81.1950	1.5700	1.5700
Thai Baht	81.1950	1.5700	1.5700
Malay Ringgit	81.1950	1.5700	1.5700
Philippine P	81.1950	1.5700	1.5700
Indonesian Rp	81.1950	1.5700	1.5700
South African Rand	81.1950	1.5700	1.5700
New Zealand D	81.1950	1.5700	1.5700
Argentine P	81.1950	1.5700	1.5700
Chilean P	81.1950	1.5700	1.5700
Uruguayan P	81.1950	1.5700	1.5700
Venezuelan B	81.1950	1.5700	1.5700
Colombian P	81.1950	1.5700	1.5700
Ecuadorian S	81.1950	1.5700	1.5700
Peruvian S	81.1950	1.5700	1.5700
Paraguayan P	81.1950	1.5700	1.5700
Bolivian B	81.1950	1.5700	1.5700
Costa Rican C	81.1950	1.5700	1.5700
Salvadoran C	81.1950	1.5700	1.5700
Honduran L	81.1950	1.5700	1.5700
Nicaraguan C	81.1950	1.5700	1.5700
Panamanian B	81.1950	1.5700	1.5700
Cuban C	81.1950	1.5700	1.5700
Czech Kor	81.1950	1.5700	1.5700
Slovak Kor	81.1950	1.5700	1.5700
Hungarian F	81.1950	1.5700	1.5700
Czechoslovak Kor	81.1950	1.5700	1.5700
Polish Zloty	81.1950	1.5700	1.5700
Romanian Lei	81.1950	1.5700	1.5700
Bulgarian Lev	81.1950	1.5700	1.5700
Soviet Ruble	81.1950	1.5700	1.5700
Czechoslovak Kor	81.1950	1.5700	1.5700
Polish Zloty	81.1950	1.5700	1.5700
Romanian Lei	81.1950	1.5700	1.5700
Bulgarian Lev	81.1950	1.5700	1.5700
Soviet Ruble	81.1950	1.5700	1.5700

FORWARD AGAINST £

Nov. 15	Bank rate	Day's spread	Close
U.S. \$	81.1950	1.5700	1.5700
Canada \$	81.1950	1.5700	1.5700
Swiss Fr	81.1950	1.5700	1.5700
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Soviet Ruble	81.1950	1.5700	1.5700
Czechoslovak Kor	81.1950	1.5700	1.5700
Polish Zloty	81.1950	1.5700	1.5700
Romanian Lei	81.1950	1.5700	1.5700
Bulgarian Lev	81.1950	1.5700	1.5700
Soviet Ruble	81.1950	1.5700	1.5700

THE DOLLAR SPOT

Nov. 15	Bank rate	Day's spread	Close
U.S. \$	81.1950	1.5700	1.5700
Canada \$	81.1950	1.5700	1.5700
Swiss Fr	81.1950	1.5700	1.5700
Deutsche Mark	81.1950	1.5700	1.5700
French Fr	81.1950	1.5700	1.5700
Italian Lira	81.1950	1.5700	1.5700
Japanese Yen	81.1950	1.5700	1.5700
Spanish Pes	81.1950	1.5700	1.5700
Portuguese Esc	81.1950	1.5700	1.5700
Belgian Fr	81.1950	1.5700	1.5700
Dutch Guilder	81.1950	1.5700	1.5700
Austrian Sch	81.1950	1.5700	1.5700
Scandinavian Kron	81.1950	1.5700	1.5700
Irish P	81.1950	1.5700	1.5700
Greek Dr	81.1950	1.5700	1.5700
Israeli S	81.1950	1.5700	1.5700
Indian Rupee	81.1950	1.5700	1.5700
Singapore D	81.1950	1.5700	1.5700
Thai Baht	81.1950	1.5700	1.5700
Malay Ringgit	81.1950	1.5700	1.5700
Philippine P	81.1950	1.5700	1.5700
Indonesian Rp	81.1950	1.5700	1.5700
South African Rand	81.1950	1.5700	1.5700
New Zealand D	81.1950	1.5700	1.5700
Argentine P	81.1950	1.5700	1.5700
Chilean P	81.1950	1.5700	1.5700
Uruguayan P	81.1950	1.5700	1.5700
Venezuelan B	81.1950	1.5700	1.5700
Colombian P	81.1950	1.5700	1.5700
Ecuadorian S	81.1950	1.5700	1.5700
Peruvian S	81.1950	1.5700	1.5700
Paraguayan P	81.1950	1.5700	1.5700
Bolivian B	81.1950	1.5700	1.5700
Costa Rican C	81.1950	1.5700	1.5700
Salvadoran C	81.1950	1.5700	1.5700
Honduran L	81.1950	1.5700	1.5700
Nicaraguan C	81.1950	1.5700	1.5700
Panamanian B	81.1950	1.5700	1.5700
Cuban C	81.1950	1.5700	1.5700
Czech Kor	81.1950	1.5700	1.5700
Slovak Kor	81.1950	1.5700	1.5700
Hungarian F	81.1950	1.5700	1.5700
Czechoslovak Kor	81.1950	1.5700	1.5700
Polish Zloty	81.1950	1.5700	1.5700
Romanian Lei	81.1950	1.5700	1.5700
Bulgarian Lev	81.1950	1.5700	1.5700
Soviet Ruble	81.1950	1.5700	1.5700
Czechoslovak Kor	81.1950	1.5700	1.5700
Polish Zloty	81.1950	1.5700	1.5700
Romanian Lei	81.1950	1.5700	1.5700
Bulgarian Lev	81.1950	1.5700	1.5700
Soviet Ruble	81.1950	1.5700	1.5700

FORWARD AGAINST \$

Nov. 15	Bank rate	Day's spread	Close
U.S. \$	81.1950	1.5700	1.5700
Canada \$	81.1950	1.5700	1.5700
Swiss Fr	81.1950	1.5700	1.5700
Deutsche Mark	81.1950	1.5700	1.5700
French Fr	81.1950	1.5700	1.5700
Italian Lira	81.1950	1.5700	1.5700
Japanese Yen	81.1950	1.5700	1.5700
Spanish Pes	81.1950	1.5700	1.5700
Portuguese Esc	81.1950	1.5700	1.5700
Belgian Fr	81.1950	1.5700	1.5700
Dutch Guilder	81.1950	1.5700	1.5700
Austrian Sch	81.1950	1.5700	1.5700
Scandinavian Kron	81.1950	1.5700	1.5700
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Czech Kor	81.1950	1.5700	1.5700
Slovak Kor	81.1950	1.5700	1.5700
Hungarian F	81.1950	1.5700	1.5700
Czechoslovak Kor	81.1950	1.5700	1.5700
Polish Zloty	81.1950	1.5700	1.5700
Romanian Lei	81.1950	1.5700	1.5700
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Czechoslovak Kor	81.1950	1.5700	1.5700
Polish Zloty	81.1950	1.5700	1.5700
Romanian Lei	81.1950	1.5700	1.5700
Bulgarian Lev	81.1950	1.5700	1.5700
Soviet Ruble	81.1950	1.5700	1.5700

CURRENCY MOVEMENTS

Nov. 15	Bank rate	Day's spread	Close
U.S. \$	81.1950	1.5700	1.5700
Canada \$	81.1950	1.5700	1.5700
Swiss Fr	81.1950	1.5700	1.5700
Deutsche Mark	81.1950	1.5700	1.5700
French Fr	81.1950	1.5700	1.5700
Italian Lira	81.1950	1.5700	1.5700
Japanese Yen	81.1950	1.5700	1.5700
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Malay Ringgit	81.1950	1.5700	1.5700
Philippine P	81.1950	1.5700	1.5700
Indonesian Rp	81.1950	1.5700	1.5700

A time of challenge and change for the U.S. wine industry

BY ROSS WILSON

THE U.S. WINE industry is facing a period of challenge and change. New consumer regulations covering the labelling of U.S. wines—and imports—have been agreed and will take effect in 1983, metric bottling becomes compulsory next January 1 and U.S. wine producers are becoming increasingly concerned about the rapid growth of foreign wine imports.

The recent agreement between the American wine industry and the Federal Government on new rules for American and foreign wine labels came after three years of sporadic feuding and tussling.

The new regulations designed primarily to protect the U.S. wine consumer, are the result of six public hearings in San Francisco and Washington in 1976 and 1977 as well as hundreds of written comments from consumers and industry officials. The basis of the regulations, which will become compulsory in early 1983 has been described by Mr. John Krog, man acting director of the U.S. Treasury's Bureau of Alcohol, Tobacco and Firearms (BATF), as an attempt to ensure that wine labels are as "meaningful as possible".

All wines imported into the U.S. must now carry a label which states the wine's origin, the grape varieties, the vintage, the producer and the bottler. The new rules which require that varietal wines made from a single grape variety, combination of grapes, or coming from a particular area, region or country should conform to more specific regulations about content and should clearly display this information on the label.

Wines claiming to be made from a single grape variety, such as Cabernet Sauvignon or Pinot Noir, must contain at least 75 per cent of that grape. Previous regulations had required only 51 per cent. Similarly wine which claims to come from a specific country, state or county must contain at least 75 per cent of wine from that area.

Where wine is labelled as coming from a specific wine growing region such as California's famous Napa Valley, the wine will have to contain at least 85 per cent of grapes grown and picked in that region. Finally if two or three grape types are listed on the label, the percentage of each variety must be shown on the label and the combination must add up to 100 per cent.

Wine seal

But perhaps the producers' most important achievement was on the question of a new category of "Government seal" wines which would have been the equivalent of the French appellation controlee or the Italian denominazione di origine controllata systems. The Government had wanted to confer its seal of approval on varietal wines which contain 85 per cent of the grape named on the label and which had been subject to strict grape growing conditions.

This was opposed by the growers and consumer groups. They both argued that it would

be an unnecessary interference and the consumer groups said that such a seal would imply a guarantee of quality rather than an adherence to labelling restrictions.

The eventual compromise was the 75 per cent requirement and an Government seal.

The growers did, however, accept a further restriction on vintage wines, namely that these must contain at least 85 per cent of grapes picked in the declared year.

Structurally the U.S. wine industry is still dominated by Californian companies. Among the six largest wine producers in the U.S. only the sixth, Taylor Wine owned by Coca Cola is based outside California. Californian wine producers account for about 80 per cent of U.S. wine production, with the five largest Californian producers together accounting for 450m gallons of storage capacity.

The largest producer is E and J Gallo with 226m gallons of storage capacity followed by United Vintners with 110m gallons of storage capacity. Both are independent Californian companies.

The U.S. Department of Agriculture has forecast a record 4.6m U.S. tons grape crop this year of which California will produce 4.1m U.S. tons or 89 per cent. Overall the crop is expected to be about 7 per cent larger than in 1977 and 3 per cent above the 1976 harvest.

On the face of it Californian producers have little to fear. Official statistics show that of

a total of more than 223m U.S. gallons of table wine (not including U.S. gallons in 1977—a fall of 7 per cent over the previous year, compared to a fall of only 0.4 per cent in imported fortified wines which totalled 2.5m U.S. gallons in the same year.

Against this picture of a domestic market increasingly invaded by imported wines, exports of American wines are negligible. This has led to calls from people like Mr. William Dieppe, chairman of the Wine Institute, and chairman of Almaden Vineyards, for government action on trade barriers to ensure that American wine has the same opportunity to sell abroad as foreign nations have for selling wine in the U.S.

Mr. Dieppe said in a recent speech that the State Department "must encourage the flow of trade from these shores as well as from the outside into our markets. He added, however, that he was not advocating protectionism—simply "equal opportunity".

Mr. Robert Gallo, chairman of E and J Gallo and Mr. Dieppe's predecessor at the Wine Institute, said during his retirement address recently that the U.S. wine industry must face a number of challenges and that if these were to be overcome the industry must become "more effective" than it had been in the past. He said he remained confident that the U.S. wine industry could cope with the challenges of wine labelling regulations and rising imports and emerge successful.

From 1972 to 1977 the supremacy of imported table wines in growth terms: shown even more clearly. Total imports increased by 49 per cent over the period while domestic wines increased by only 30 per cent. Most dramatically, during the five years, Italy increased exports to the U.S. by 268 per cent and Germany by 137.9 per cent. American manufactured for-

Imports

The figures for the first half of 1978 serve only to strengthen the conviction of U.S. wine producers that imported wines are steadily taking a larger share of the U.S. market.

In the first half of the year sales of American table wines subject to tax rose to 120.6m U.S. gallons while sales of similar imported table wines increased to 35.7m U.S. gallons.

Italy heads the league for imported wine. It exported over 34m U.S. gallons to the U.S. last year with sales showing a 33 per cent increase in the first half of 1978. But France, Germany, Portugal and Spain have also continued to export more to the U.S. market.

From 1972 to 1977 the supremacy of imported table wines in growth terms: shown even more clearly. Total imports increased by 49 per cent over the period while domestic wines increased by only 30 per cent. Most dramatically, during the five years, Italy increased exports to the U.S. by 268 per cent and Germany by 137.9 per cent. American manufactured for-

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Ref. 752/FT.

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Candidates (male/female) must be professionally qualified accountants with extensive experience of financial management at a senior level in the National Health Service, Local Government, or other large organisations. Further particulars and application forms are available from the Regional Personnel Officer, South East Thames Health Authority, Randolph House, 46-48 Watlington Road, Croydon CR9 3QA.

Please quote reference number B155.
Completed application forms must be returned to the Chairman of the Authority at the above address to arrive not later than 7 December.

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مكتبة الأمل

German food and drink

Although much of West Germany's farmland is fragmented by a multitude of small, family-owned holdings, the general quality and quantity of produce is extremely high. The resilience of unpaid, part-time farmers is an important factor in Germany's agricultural excellence.

The key to top quality products

By John Cherrington

ALTHOUGH BOTH countries are of roughly the same area, West Germany's food production is materially higher than that of Britain. This is simply because the quality of German land is superior. It is estimated that there are some 2m hectares more arable land in the Federal Republic than there are in Britain, and in addition much of this is of extremely good farming potential.

This factor alone compensates for many of the inefficiencies which the conventional economist finds when studying the German farming scene. This is made up of a vast number of small, often fragmented farms, of which more than half are part or spare time. The areas where farms are more on the British size are mainly in the north, where the Code Napoleon, which ensured the division of a man's estate between his children, was not enforced with the same rigour as elsewhere.

Some of the fragmentation is

almost grotesque, with farms of 10 hectares being divided into 40 or 50 separate fields often kilometres apart. Successive Governments have tried to remedy this, but the process still has a long way to go, and in some cases the reorganised farms have been subdivided again, as the farmer's heirs have claimed what they consider to be their rights.

There is also in Germany an emotional attachment to land-owning, generally explained to the visitor by the often repeated fact or legend, that in the crisis years of 1823 and 1827 only those with land had enough to eat.

The standards of husbandry have always been extremely good in Germany. The big farms in Schleswig-Holstein are rightly an example to arable farmers everywhere, with their modern techniques. But these are replicated on the smaller farms which in many countries would not be considered worth farming as separate units at all.

The basis of this agricultural excellence, for that is what it is, is a combination of Government assistance to the farming sector; some would call it favouritism, and the anomalies of the EEC currency chaos. There is no doubt that the policy of German Governments since the war of bringing instability to the country, has value of the Deutschmark against, say, the franc, should allow imports from France to the detriment of home production. To the present this variable levy is applied against imports from the Eifel Mountains for instance.

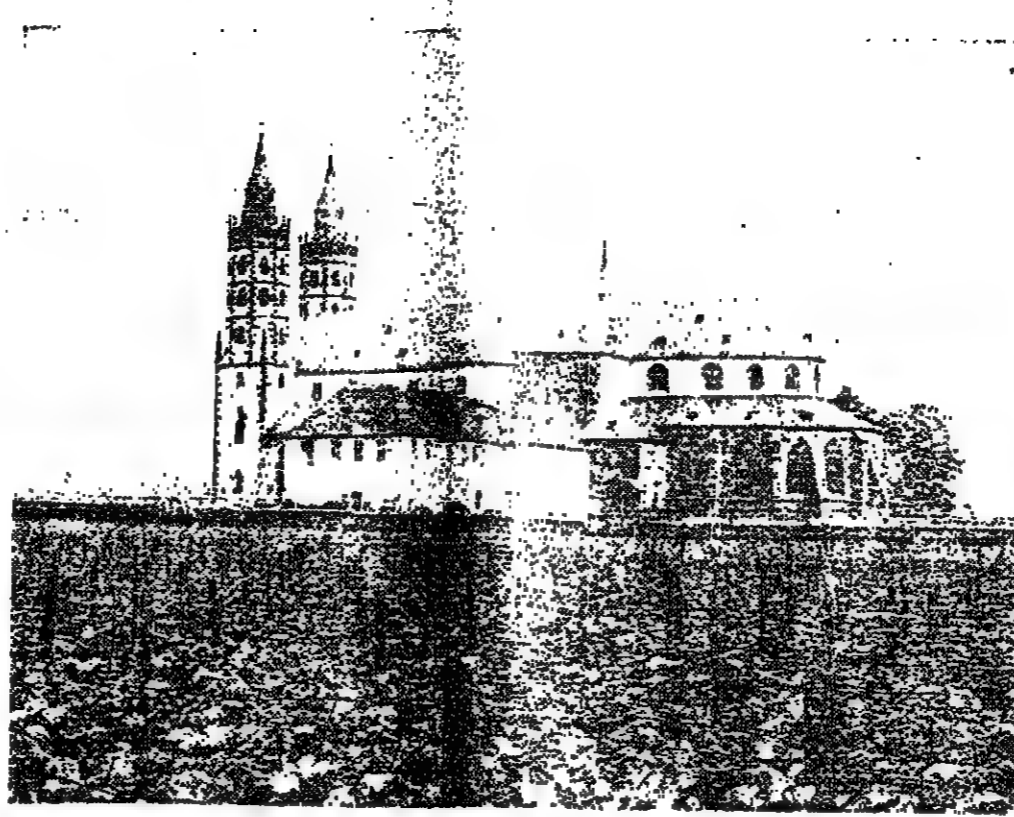
Prices are paramount, and these are supported not only at EEC levels, but enhanced by the Monetary Compensatory Amounts designed to equalise the out prices as between member states in spite of currency fluctuations. The rise in the price of the Deutschmark against, say, the franc, should allow imports from France to the detriment of home production. To the present this variable levy is applied against imports from the Eifel Mountains for instance.

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Factors

In production terms the importance of the part time and spare time farmers can be over-rated. It is estimated that they occupy 26 per cent of the land area and are responsible for 20 per cent of all production, leaving the full time farmers to produce 80 per cent of the country's output. Even so with these farms only averaging 22 hectares in size, their viability is due to other factors besides technical excellence.

Prices are paramount, and these are supported not only at EEC levels, but enhanced by the Monetary Compensatory Amounts designed to equalise the out prices as between member states in spite of currency fluctuations. The rise in the price of the Deutschmark against, say, the franc, should allow imports from France to the detriment of home production. To the present this variable levy is applied against imports from the Eifel Mountains for instance.



Langenbach's Liebfrauenstift vineyard in Worms, with the famous Liebfrauenkirche in the background.

In addition West German farmers enjoy the protection of a further 7 per cent on prices due to the refusal of the Government, under farmer pressure, to follow the revaluation of the D-mark with one of the Green-mark on which farm prices are based. The result of this altogether is that food imports from Britain carry a combined levy of about 35 per cent at the present time, while in Germany a subsidy of about 40 per cent higher than their own, German farmers are spared. That these high prices are encouraging the overproduction which could well in the end swamp the Common Agricultural Policy out of existence, while the MCA's undermining their own market. This is a natural reaction, but it should be said that in arguments of this sort little notice is taken of relative costs in the two countries.

import food in exchange for raw materials. Britain is an example the Germans show no signs of following.

There is a grey area of which some other Community countries complain. Although the passage of human beings across the border into East Germany is closely controlled, food and animals seem to suffer nothing like the same restrictions. Surpluses from the German Democratic Republic are allowed free entry and no check is really made of them. There were complaints at the time of the beef surplus crisis a few years ago, that much of the trouble was caused by imports from this source.

British farmers complain that with prices in many cases up to 40 per cent higher than their own, German farmers are spared. That these high prices are encouraging the overproduction which could well in the end swamp the Common Agricultural Policy out of existence, while the MCA's undermining their own market. This is a natural reaction, but it should be said that in arguments of this sort little notice is taken of relative costs in the two countries.

In Germany labour costs are about double the British level in sterling terms, and the cost of inputs is in the main materially higher. But the fact is that, except on a few large farms, the employment of paid labour is almost nil, and that the labour force of family farmers and part-timers does not reflect current costs in real terms.

For instance in the pig industry German prices are running about the same level as those in Britain, while the cost of barley, a main feed ingredient, is 25 per cent higher. Such a situation would have brought an almost instantaneous reaction among British producers, with a fall in sow numbers and general cries of disaster. Although the German market has been in this situation for the past six months there has only just been a sign of a very slight reduction of sow numbers, and output overall is still rising.

Asset

The capacity of family labour to absorb punishment of this sort would be a considerable asset if ever the MCA defences which protect German farming were to be removed. The sophisticated labour intensive factory type farms, however, efficient in Britain, would, I believe, crumble in a competitive free for all with the German farming population, determined to remain farming albeit with the help of part-time work.

It is this resilience, which I believe to be West German farmers' greatest asset. Far more effective than the political strength they hold through the mechanics of the German system of proportional representation, which could in the end be eroded by the vagaries of democracy. That, of course, added to the excellence of the land and the good husbandry they practice on it.

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GERMAN FOOD AND DRINK II

Dairy industry suffering from over-production



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THE WEST German dairy industry is accused of being the main source of the Community's butter mountain, a charge indignantly refuted by German sources, who point out that the reason the country has the largest intervention stocks of butter is that the strength of the Deutschmark, insufficiently compensated for by the Monetary Compensatory system, attracts stocks from other member countries into the German intervention stores.

It is certainly true that the mechanics of the Common Agricultural Policy (CAP) do make for one European market, and there is scope for these movements. But the fact is that West Germany is at the present time producing more butter than the country can consume. The latest figure was 150,000 tonnes above present demand and some of it is being expensively exported to the British market, the only one in the world in deficit.

It would be unfair though to single out Germany as the main culprit in producing these milk surpluses. All countries are sharing in this to a degree, and it is estimated that total milk production of the EEC this year will prove some 17 per cent over probable demand.

The various measures introduced by the EEC to reduce this milk excess have had little effect in Germany as anywhere else in the Community. For instance, some 90,000 cows were supposed to have been removed from the national herd during the past year, helped by a premium scheme, but the latest census shows a fall of only 30,000—which could be no more than the seasonal variation. This demonstrates that it is almost impossible to stop milk production by any means short of shooting the cows, the farmers, and sterilising the land.

This is the case in most farming countries, but particularly applies in Germany where farms are small and the operators have no other forms of production which can return the same income as milk from the

farm's own resources. It is also the case that cowkeeping is particularly attractive to part-time farmers, who can leave the cows to be milked by their wives and families while they go to work.

There was a period about eight years ago when there was a temporary butter shortage in the EEC, and many observers thought that this heralded a decline in milk output generally. Farmers and their families were rebelling against the tyranny of milking cows, it was claimed and were going into industry everywhere.

Wrong

This view has been proved wrong in the event and although there has been a fall of 13 per cent in the number of cow-keepers between the years

1974 and 77, the number of cows has only dropped by some 0.6 per cent and the total output of milk deliveries has risen by 7 per cent, mainly thanks to an increase in yields per cow.

An increase of yield per cow has been a feature of German dairy farming since 1960, but even more significant has been the increase in the amounts delivered to dairies instead of being consumed at home in the production of calves, etc. These have risen from 4.3m tonnes in 1960 to 20m tonnes in 1977, and the trend is still continuing. This has undoubtedly been influenced by the firm market provided by the CAP intervention system.

At the same time the consumption of liquid milk has fallen over the period from 82 kilos a head to 52 kilos in 1976

and the consumption of other milk products such as cream and yoghurt—while showing slight increases—in no way make up for the fall in liquid intake.

Just as serious has been the fall in butter consumption by 24 per cent over the period. It takes between 25 and 30 kilos of milk to make a kilo of butter, and the 2 kilo fall in the consumption of butter per head means a loss to human consumption of another 50 kilos of milk consumption. The increase in cheese consumption of 4 kilos a head over the same period has rectified the position slightly. Cheese absorbs around 10 kilos of milk per kilo of cheese produced and so brings the deficit back to 10 kilos.

It does seem though that the increase in cheese consumption, which has been, like the fall in

milk and butter sales, common to most Community countries, is on how to do this are believed to be under consideration. It is not thought now that price reductions can possibly induce more output as farmers reduced unit costs by producing more.

If positive measures to restrict milk output ever came to be taken it is probable that the West German farmers would be able to overcome them at least as well as farmers in other countries. They have good high-yielding cows, are not as dependent on purchased compounds and above all have a determination to remain in farming on a family labour basis which could outlast many more conventionally economic systems.

Blamed

As the holder of the biggest surplus up to now Germany has been blamed for "flooding" supplies on the British market in very considerable quantities assisted by the Monetary Compensatory amounts, and the total available could more than exceed the New Zealand quota of 120,000 tonnes which becomes due for renewal in 1980. So far no one knows the answer to this particular puzzle.

The EEC Commission is at its wits' end to stem the milk

output. In fact, by the short term they could stimulate yet more output as farmers reduced unit costs by producing more. If positive measures to restrict milk output ever came to be taken it is probable that the West German farmers would be able to overcome them at least as well as farmers in other countries. They have good high-yielding cows, are not as dependent on purchased compounds and above all have a determination to remain in farming on a family labour basis which could outlast many more conventionally economic systems.

John Cherrington

Marketing agency's UK success

THE SUCCESS of West German food producers and processors in selling their food and drink products to the British housewife can be traced to a number of factors, in particular, Britain's membership of the European Economic Community. But without doubt one of the main reasons for the startling growth in sales of German foods in the UK—now over £550m, a sevenfold increase—is Germany's marketing agency the CMA.

The Centrale Marketing-gesellschaft der Deutschen Agrarwirtschaft—in English the Central Marketing Organisation for German Agricultural Industries—was set up by the German government in 1969 with the sole aim of improving the marketing of German food and drink both in the Federal Republic and abroad.

The CMA was set up with the help of Federal finance for the

first five years to help it become established to bring together the food and drink producers and processors to ensure that market demand was being created and fulfilled in the most effective way. Under the legislation setting up the CMA all producers and processors have to pay a certain sum towards its finances—the actual amount is based on a complex formula relating to the size and scope of the business, for example, the number of head of cattle held by a farmer.

The amount raised in this way—this year it provides the CMA with a total budget of £20m—is only a tiny proportion of the total value of sales of German food and drink both in the Republic and worldwide. But in return the German food and drink industry gets the benefit of what is claimed to be the most effective food marketing agency of its type in the world.

Increased

In fact no other country including the UK has anything as comprehensive as the CMA for marketing such a wide range of food and drink both at home and abroad. The CMA handles every type of German food and drink such as beer, sausages, bread, cheese, butter, cakes and biscuits with the exception of wine. But even so the CMA's efforts in increasing consumer awareness of German foods and drinks has inevitably increased the demand for German wine.

In return for the £20m allocated to the CMA each year the industry has a marketing operation in a network of offices around the world, including the U.S., Japan, Italy, Austria, France, Belgium, the Middle East and Britain. In Germany, the CMA has a full-time staff of just under 70 but its overseas offices have only a handful of permanent staff, preferring to use nationals on an agency basis where possible for specific tasks such as in-store promotions.

The CMA's UK office is located at the German Food

Centre in London's Knightsbridge. It is the only one displaying German food in the UK and although operated by the CMA it is financially independent of the agency, being a permanent showcase for all the food and drink products Germany offers and the CMA believes it is effective in showing German food in a real "selling" environment rather than in a "sterile" showroom.

About 60 per cent of the CMA's total budget is spent on marketing in Germany itself, with the remaining 40 per cent allocated to helping exports. According to Mr. Kurt Bettin, the CMA's director in Britain, the CMA has a wide variety of methods by which it carries out its basic task of promoting German food and drink sales in the UK.

The main job of the CMA is to provide a channel of communication between producers in Germany and importers and distributors in the UK. It does this by constantly monitoring those UK food sectors in which German products are, or might be, represented. The CMA interprets and disseminates this information to both the German exporter and UK importer, help them more fully understand the particular UK sector where they are selling.

Again, as part of this function, the CMA has to keep in close touch with the UK retail and wholesale trades and feed them with any information about German food and drinks which may be of help and interest. This is carried out in a number of ways, such as trade exhibitions for new products. The CMA also provides study tours to Germany for retail buyers to visit factories, farms, and dairies.

The CMA also carries out a major advertising and media briefing programme on the merits of German food and drink but it does not promote any particular brand over another.

But probably the most important feature of the CMA's

activities in the UK is the in-store promotions it operates to encourage sales at the point of sale. "One of our strengths is that almost every product in very considerable quantities assisted by the Monetary Compensatory amounts, and the total available could more than exceed the New Zealand quota of 120,000 tonnes which becomes due for renewal in 1980. So far no one knows the answer to this particular puzzle.

Training

The CMA provides training on German produce for retail provisions managers and staff at retailers' own training centres. And, says Mr. Bettin, in-store promotions are not simply off jobs. "Each promotion is undertaken," he says, "to build sales of German food and drink over the medium and long term as well as in the immediate duration of the promotion."

But the CMA also acknowledges that a successful marketing operation is not simply based on organising a promotion through a group of retail stores, or cash-and-carry units. "Any real success in selling German products would be almost negated if we could not guarantee 100 per cent support from the importers," points out Mr. Bettin. "And I can say with absolute assurance that the CMA has a better and closer working co-operation with the importers of German food and drink than have other countries."

The success of the CMA's activities in the UK has made the British market the fastest growing in the world for German food and drink products. In 1971 the UK imported 110,000 tonnes of German food and drink, a mere 2 per cent of all West German food exports. By 1973 this had risen to 188,000 tonnes, representing some 3 per cent of German food exports.

But by 1978 the picture had changed dramatically with a record 687,000 tonnes of German agricultural products imported into the UK. Last

year the figure rose to 748,000 tonnes, accounting for a tenth of total West German food and drink exports. This also pushed the UK into fourth place behind Italy, Holland and France in the EEC importing countries' league table for German produce.

The most popular German food product in the UK is butter, accounting for over 7 per cent of the total UK market, with beer the second most important product with sales some 50 per cent above those of German wine. All the indications are that Britain will become the biggest importing country in the world for German beer by the end of this year, overtaking France.

While the CMA has been largely responsible for effectively marketing German food and drink in the UK, its success owes much to Britain's entry into the EEC in 1973. "This meant that our only trade barriers," says Mr. Bettin, "were reduced, the British consumer became more willing to try German foods because the price differential was narrowed. As the UK adjusted its food and levels to those of the EEC, it meant that German food became more price-competitive."

The growth of German food was also helped by greater appreciation among consumers of the quality of German produce, fostered by the CMA's advertising activities. "It is the high quality of German produce," he says, "which is a significant factor in the fact that the UK's food distribution and retail network is so effective that German producers are able to get their products into a number of UK stores and supermarkets."

Once in the stores, however, the food and drink products are top sellers. "Retail groups who have come to us to get their products into a number of UK stores and supermarkets," he says, "have almost without exception claimed that the German food and drink promotion has been the biggest selling and the most exciting they have ever run," says Mr. Bettin.

David Churchill
Consumer Affairs Correspondent

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Delicando.
Britain's favourite
German butter.

More meat exported to UK

THE BRITISH, who for centuries have ploughed their way through mountains of roast beef and Yorkshire pudding (leaving until recently, when for the first time cheese exports surged ahead and relegated meat to fifth place.

Chinese, Mexican, Indian, Japanese and — increasingly since our entry to the EEC — European food has been bought in greater quantity. Before Britain joined the Common Market, West Germany exported little to the UK. But a reduction of one-fifth in duty until its eradication last year, plus a low rate of inflation, has brought a touch of Germany to the British consumer.

Something in the region of 1,420 tons of German meat and sausage were imported in Britain in 1971. Then, total UK imports were a mere 3 per cent of all West German food exports.

Since then, however, sausage and meat imports to the UK have climbed steadily. Last year we ate around 5,500 tons of German meat and sausage, including tinned meat. Of that, 4,122 tons were pre-packed and loose cooked meat and sausage, an increase of 71 per cent on 1975. The figure for this year looks likely to exceed 5,000 tons, excluding tinned meat. Up to the end of September over 3,640 tons were imported, making Britain the second biggest buyer of German meat and sausage

after the Netherlands. Cooked meats and sausages were fourth in the total West German food and drink export (leaving until recently, when for the first time cheese exports surged ahead and relegated meat to fifth place.

The West Germans have marketed their product not so much on price—which in some cases can still be double that of a British product—but on quality and difference.

There are strict regulations governing the manufacture and content of meats and sausages. The Federal authorities with the co-operation of manufacturers, consumers' and nutritionists compiled a "White Book for Food" which stipulates the exact ingredients and raw materials for foodstuffs and lists optional additions. Sausages and cold cut meats are also registered and at least 141 types of boiled and raw sausages have been defined.

These guidelines by no means standardise the different varieties of sausage. The only general rule is that German meats and sausages contain no flour, starch, artificial colouring or preservatives of any kind and that all German sausages are 100 per cent meat.

There are four kinds of meat and sausage made by the West Germans: smoked meat, pre-served sausages, scalded sausages and boiled sausages. Most of the meat and sausage coming into Britain is pre-

packed for delicatessens, the catering trade, industrial canteens, other small outlets and big chain stores such as Marks and Spencer and British Home Stores, which buy German meat and sausage for their own labels brands.

Major supermarkets, which take most of meat and sausage imports, however, buy in bulk and package some of the products in Britain. Other big outlets are big department stores' food halls, and they, like supermarkets, purchase their meat and sausage selections directly from the main importers.

One of the biggest importers is Arland, followed by its sister company, Herta, Nolke, which operates a distribution network, deals only in sausages. The fourth leading importer is Stackmeyer.

German cooked meat and sausage is now sold throughout Britain. The Central Marketing Organisation for German Agriculture (CMA) runs year-round advertising campaigns to boost sales. Apart from a generic advertising campaign, CMA also promotes meat and sausage products by setting up supermarket food tastings in 1,500 outlets.

Although there are around 1,500 varieties of sausage alone available in West Germany, many of them are only made in small regions and in such small quantities that it would not be economically viable to export.

In Britain, some of the most popular brands of sausage included in the preserved sausage or Rohwurst variety are salami, teswurst and cervelat. They are long-life sausages which have been preserved by smoking and air-drying.

The British diet or sealed sausages include the famous frankfurter, and bockwurst. These are the finely minced meat sausages which are only slightly smoked and then scalded.

The last range of sausages available are the boiled, or Rockwurst, sausages, which are liver, tongue and blood sausages and bratens, which are steam cooked or boiled. These include sunnenwurst, stizwurst and leberwurst.

The smoked or prepared meats fall very much into the minority. One of the most popular meats is Westphalian ham, although other eye-catching names such as knockschinken, kassler, rippenspeck, and Lachsschinken are produced.

It is unlikely, CMA says, that the variety of meat and sausage products will stretch to other products, but projected sales look good. Within the next couple of years the German meat and sausage varieties will have all really caught on, CMA claims. If not through generic advertising—then at least by word of mouth.

Colleen Toomey

1978 vintage 'better than predicted'

AS WITH many other things in volume terms, behind Italy, 150m bottles) to about 130 22 per cent on 1976. The UK im- ports showed a slight fall of 1 per cent. They were 5.24m gallons.

Canada took 2.64m gallons of German wine, up 44 per cent on 1976; the Netherlands 1.98m gallons, up 18 per cent; Denmark 1.52m gallons, down 6 per cent; Sweden 1.12m gallons, down 2 per cent; Japan 616,000 gallons, up 17 per cent; the Benelux countries 572,000 gallons, down 10 per cent; Australia 440,000 gallons, up 25 per cent; and Eire, 220,000 gallons, up 1 per cent.

This shows the importance of the UK as a market for German wines, because it accounted for more than 20 per cent of all wine exported last year. And the British actually drank about twice as much a head when the populations of the top importing country, the U.S. and the UK are compared.

However, in 1977 Germany were headed by the U.S. which exported a little over 26m. last year imported 9.46m gallons of wine (that is around of German wine, an increase of

the top ten export markets

the UK and Henninger Kaiser Pilsner. Courage claims both beers are selling well and adds that although there are no plans at present to brew either beer in the UK this might happen at some future stage.

In addition to the Diat Pils and Pilsner, Courage is test marketing Satzenbräu Pils developed by the Harp consortium and brewed in Ireland. Dortmund Union, Germany's largest brewery owned in part by the Bayerische Hypothek and Wechsel Bank and the Dresdner Bank, markets two beers in Britain which are sold through the Victoria Wines off-licence group, and which are widely available in Indian restaurants. Dortmund Union Pils is a medium strength beer (104°), while the Spezial beer has a higher strength and is sold in bottles and cans.

There are five other German beers available in the UK. Beck's, the Bremen brewers, is the most widely sold German beer selling in 140 countries throughout the world. Beck's beer is sold through off-licences and independent breweries in Britain and is available in bottles and cans.

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price stability in the wine trade in Germany which has allowed exports to be built up.

To give some perspective to the progress in the UK you can look back to 1970 when sales of German wine amounted to around 8.5m bottles. That represented 8 per cent of the total market for light wines. Last year's sales of 31.5m bottles gave Germany 12.3 per cent of the total light wine market.

More important to the producers, perhaps, is the growth in Germany's share of the cash from total sales. In 1970 German wines accounted for 12 per cent of the value of all light wines imported to the UK and last year this value share had grown to 20 per cent.

But last year was a difficult one for German wines in the UK. The excellence of the 1976 vintage coupled with a weak pound made the search by British shippers for the less expensive German wines an almost hopeless task.

UK consumers were also feeling the squeeze on the pound in their pocket and in 1977 price played an important part in the decision about which wine to buy.

The shortage of cheaper wine in Germany led to some marketing problems in the UK for a while. The German merchants searched for ways to make up for the absence of their home-produced types. So more and more of them turned to blending wines from other Common Market countries in an attempt to come up with an acceptable substitute.

When some of this wine arrived in Britain in the traditional German-style bottles, bearing labels with the Gothic script and scenes of fairy tale castles which the British associate with German wine, there was bound to be some confusion. Especially as the wine was, according to the label, "produced of the EWG," which indicates to the German customer it is wine of the EEC but does not mean much to the average British drinker.

The importers of German wine to the UK were somewhat concerned. After all, they had the reputation of German wines at heart and did not wish to see it damaged in any way. So they drew up a code of conduct about such things as the labelling of the blended Common Market wines from Germany, and this has gone a long way towards preventing customers from being misled. For example, the origins of the wine have to be explained in the language of the country of sale. So bottles of EEC blends to be sold in Britain are now quite clearly labelled "wine from EEC countries."

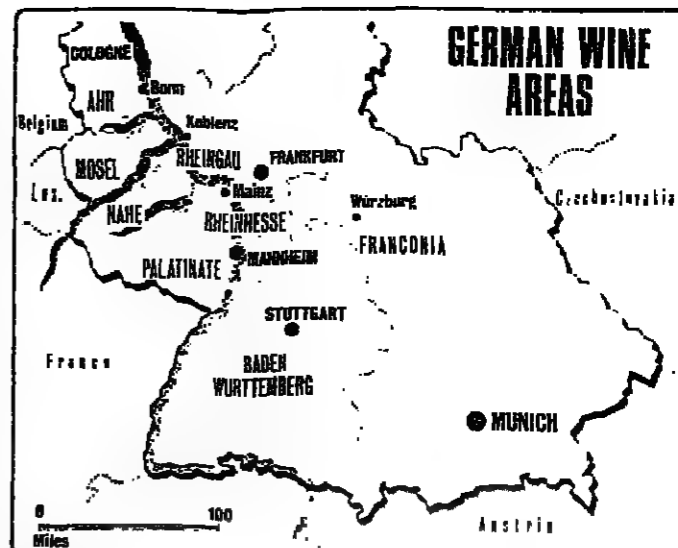
The 1978 harvest, which produced an extraordinarily high proportion of top-graded wines, was, fortunately for producers and consumers, followed by a good commercial harvest last year—one in which elegant and fresh wines were available in good quantity.

This has already been reflected in the imports to the UK, which in the first six months of 1978 rose 20 per cent in volume to 2.8m gallons (about 16.5m bottles).

The wine laws of Germany are the most comprehensive and complicated in Europe and are also the strictest. The quality control is reflected on the label of any bottle. German wines have been restricted to three qualities since the regulations were tied up at the beginning of the 1970s: there is Tafelwein (table wine), Qualitätswein (quality wine) and Prädikatswein (superior wine).

Prädikatswein is further divided into five grades: Kabinett, Spätlese, Auslese, Beerenauslese, and Trockenbeerenauslese. The British drinker has a tendency to indulge in table wine only when he is having a meal and this complicates life somewhat. For the finest German whites are better sampled on their own rather than as an accompaniment to food, although it has been suggested that they go well with a ripe peach, some other fruit dishes or dessert.

But my colleague, Edmund Penning-Roswell, the Financial Times wine columnist who knows as much as anyone about such things, once advised me



a degree or qualification that fine German white wines achieved with honours. There are five "distinctions" within this last category: Kabinett, Spätlese, Auslese, Beerenauslese, and Trockenbeerenauslese.

Some of the greatest white wines in the world are produced in Germany, some of the best white table wines and some of the strangest reds—most of the reds are so light-bodied they look like roses and taste like whites.

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Paul Taylor

Big demand for German beers

BRITAIN IS poised to become West Germany's biggest beer export customer this year, with German beer ranking second only to Irish beer imports by volume.

The spectacular increase in German beer sales in the UK during recent years is the result of several factors, including an initial low base level, wider and more effective distribution, promotion and, perhaps most importantly, the general growth in sales of lagers.

According to the Central Marketing Organisation of German Agricultural Industries (CMA), the UK imported 50.5m (11.2m gallons) of German beer in 1977, an increase of 36 per cent over 1976. This placed Britain second to France, the German beer export league.

However, Mr. Kurt Bettin, Director of CMA (UK), predicts that the figures for 1978 will reveal a 40 per cent increase in German beer exports to the UK over 1977, taking the total German beer imports of canned, bottled and draught premium lagers to 70m litres (15.4m gallons). Three years ago, Mr. Bettin says, it was difficult to persuade store managers to include German beer in promotions. Now that situation has "totally changed."

Most of the growth, he claims, has actually come through retail sales in supermarkets, although the greatest share of sales volume still comes from public houses. German beer, although referred to as a lager, bears little resemblance to British lagers. Indeed, Mr. Bettin, prefers to talk of it as "lager-type" beer.

Historically, German beer production is controlled by "purity laws" (Reinheitsgebot) with individual beers distinguished by strength. With the exception of einfaßbier (plain beer) German beers are much stronger than the majority of English beers.

The German industry itself is highly fragmented and largely based on regional or even city brews. Dortmund Union-Schultheis Brauerei is the largest brewer in the country (and the second largest brewery group in Europe) producing 8m hectolitres a year, with sales in 1976 of DM1.1bn, a slight fall over the previous year.

However, it is estimated that there are between 1,600 and 1,800 individual brewers in Germany, compared to about 160 in the UK. Although the bulk of the total annual German beer production of 93.5 hectolitres (2bn gallons) is manufactured by a small number of larger brewers fewer than 25 per cent of German brewers have an annual output of more than 1m hectolitres.

It is this fragmentation of the German brewing industry, coupled with a per capita consumption averaging about 150 litres a year, making Germany the EEC's biggest beer market, which led British brewers in the early 1970s to predict a bright future in the German industry.

In 1973 Watney Mann paid £18.5m for a 76 per cent stake in the Stern Brauerei Carlsberg company, one of the 10 largest breweries in Germany, and predicted that rationalisation "was inevitable."

However, since then there have been no major mergers in the industry despite somewhat sluggish sales among the leading brewers. The reason for this appears to be a previous failure to recognise the intensely local nature of the West German brewing industry and the innate conservatism of the West German drinking public.

This is perhaps demonstrated by considering the fact that in Cologne they drink "koelsch," a light beer, only a few miles up the road, the local Holsten Diat Pils. The company brew is "alt"—a rich dark old ale. This strong regional attachment to local beers has made it difficult for the West German companies to be unwilling to put their resources to benefit from economies of bulk production.

It has, however, turned attention towards the potential of export markets and, in particular, Britain among West Germany's EEC partners. One of the problems facing the West German beer exporter is raising sufficient capital to transport, distribute and promote German beer in a market such as the

UK. This has tended to limit the range of German beer available in Britain and also to lead towards marketing links with one of the major British brewing companies.

There are now nine brands of West German bottled, canned and draught beers on sale in the UK. Mr. Bettin believes that the variety of West German beer available in the UK will continue to expand at the rate of about one new brand a year.

Against this background, competition in the UK German beer market is clearly hotting up with the market leaders like Holsten and Beck's spending large sums on advertising campaigns to give off new man-beer in 1977, an increase of

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[illegible]

Industrial	288.17	335.47	205.74	265.22	225.74	(11.10)	182.59	(10.6)
Commercial	219.15	310.88	311.54	380.02	380.02	(10.0)	170.25	(20.0)

[illegible]

ITALIA - BRASILE

[illegible]

Nov 13	12.30	0.00	MINER	Band	+44-
Nov 13	12.30	-0.0	November 13	Band	+44-
Nov 13	12.70	-0.18	Auto American Farm	Band	+44-

[illegible]

FARMING AND RAW MATERIALS

U.S. sugar
crop rise
forecast

WASHINGTON, Nov. 15. U.S. PRODUCTION of cane and beet sugar will rise 200,000 short tons to about 10.5 million in 1979, while the sugar beet crop will advance 44 per cent to around 26m tons, according to U.S. Agricultural Department economists, Thomas Little and Fred Gray, reports Reuters.

They told the USDA's outlook conference that beet sugar from the 1978-79 crop is expected to total about 3.3m tons, raw sugar equivalent, up from 3.1m in 1977-78.

Sugar cane acreage for harvest will total about 750,000 acres in 1979, down slightly from a year ago, the economists predicted. Production in 1978-79 may reach the 2.8m tons of the previous year.

Deliveries of sugar in 1978 will total about 10.5m tons, down from 11.2m in 1977, they said. Beet sugar deliveries this year are expected to be between 3.1m and 3.3m tons, down from 3.5m in 1977. Cane sugar deliveries are estimated at 7.6m to 8.5m tons, raw value.

U.S. sugar imports in 1978 will total about 4.2m tons.

Our Commodities Staff writes: London sugar futures prices rose modestly yesterday with the March position closing 20.975 higher at 212.325 a tonne.

Dealers said, however, that there was no fresh fundamental news to explain the rise.

UK demand
for soya meal
slows down

UK DEMAND for nearby supplies of soyabean meal is reported to have slowed considerably this week.

Shortfalls created by UK processing plants production losses have virtually been covered by supplies transhipped from the Continent, brokers said.

A fair amount of European buying took place during the dollar crisis and although currency advantages have since disappeared Europe may find itself with a surplus around December.

Traders generally anticipate heavier meat supplies this year. They expect a significantly larger production in the U.S. and note that weather permitting, larger soyabean crops are forecast for South America.

In Washington, it was forecast that U.S. production of oil will be held back in 1979 due to lower output of tallow and animal fats. But more soyabean oil will be produced, according to Alan Holz of the U.S. Agricultural Department's Foreign Agriculture Service.

Britain attacks
butter sale
to Russia

BRUSSELS, Nov. 15. THE EEC Commission today confirmed that it has reserved its judgment until next Thursday on a French request that it should fix in advance the export rebates on 14,500 tonnes of butter intended for export to the USSR.

If the request is approved, the exporter stands to collect rebates of around £16m.

The request was passed to the Commission's management committee late last Friday. Subsequent inquiries revealed that the butter was destined for the Soviet Union, and the matter was temporarily frozen.

The issue is a sensitive one for the Commission, which was formally censured by the European Parliament in March last year for permitting the heavily subsidised sale of 26,000 tonnes of butter to the USSR by M. Jean Baptiste Doumenge, a prominent French agricultural exporter.

The EEC butter mountain currently stands at 255,000 tonnes in public storage, and 275,000 tonnes in private storage. With the EEC intervention price at 235.72 units of account per 100 kg and the world price at 71.2 units of account per 100 kg, an export rebate of 164.52 units—100kg (just over £1 per 100 kg) is indicated.

Christopher Parkes writes: Mr. John Silkin, the UK minister, will go to next week's Council meeting briefed to use all his powers to prevent the deal from going through, officials said.

He said in a television interview that the proposed sale proved once again the folly of paying EEC farmers too high a price for their products. The solution was to keep down prices. This would discourage over-production and encourage consumers to eat more.

Over-production and high prices have led to further increases in Community butter stocks. The mountain held in official cold stores represents enough supplies to keep Britain going for almost 18 months at present rates of consumption.

Under the draft agreement between EEC traders and the USSR buyers, 14,000 tonnes of the butter would come from France and another 6,000 tonnes from Ireland.

New peaks
in cocoa
market

By Our Commodities Staff

COCOA PRICES on the London futures market rose sharply yesterday with nearby positions ending at new 1978 highs.

The March quotation climbed to £2,145 a tonne at one stage and ended the day £233 up on balance at £2,124 a tonne. March cocoa has now advanced by £120 in the last four trading days.

Market sources said yesterday's rise was mainly due to technical factors. Speculative buying has gained momentum encouraged by "bullish" chart patterns and there has been a good deal of covering against earlier "short" sales.

The market was also boosted yesterday by reports that the Nigerian crop estimate had been reduced to 120,000 tonnes from a recent prediction of 130,000.

Further upward pressure was provided by rumours of increased Eastern European buying against a background of reduced producer selling.

The late fall was attributed mainly to profit-taking.

Metals hit by new 'sell off'

By JOHN EDWARDS, COMMODITIES EDITOR

A FURTHER "sell off" in lead by speculators caused a general fall in London base metal markets yesterday. Cash lead closed £15 lower at £377.5 a tonne, marking a loss of nearly £50 in the last three days.

Traders said yesterday that there is a shortage of lead supplies available to the market, as confirmed by the cash price remaining at a premium over the three months quotation. But speculators, who helped to push prices up, have evidently decided the time has come to take their profits, or cover any potential losses in what is seen as an overbought market.

Cin prices were also under pressure again, as the Peking market unexpectedly fell sharply on Tuesday night despite the rally in London. Previously, Standard grade cash tin had risen to £7,625 a tonne at the close. Cash zinc fell by £4.75 to £338.25 a tonne following the trend in lead. Copper was also affected by a downward move in the New York market and cash wheats closed £5.25 lower at £731.25 a tonne.

A fall in refined copper prices

sumption in the Western world next year is predicted in the latest issue of Copper Trends, issued by Amalgamated Metal Trading, London metal brokers.

It estimated that demand will be down by 118,000 tonnes in 1979 due to a fall of around 180,000 tonnes in U.S. consumption, but then expects demand to rise by nearly 380,000 tonnes to 7.5m tonnes in 1980.

The report forecasts that by mid-1979 the slowdown in U.S. consumption will have become more severe and with Western Europe similarly affected there will be a sharp downward reaction in prices at that time from a level of about 75 cents a pound.

However, it adds that it is likely by next spring that a sharp technical recovery in the U.S. Standard grade cash tin had risen to £7,625 a tonne at the close. Cash zinc fell by £4.75 to £338.25 a tonne following the trend in lead. Copper was also affected by a downward move in the New York market and cash wheats closed £5.25 lower at £731.25 a tonne.

A fall in refined copper prices

Asia and Western Europe excepting likely declines in Zambia and Zaire. This rising trend should continue with output going up by a further 300,000 to 7.47m tonnes in 1980.

Supply and demand are estimated to be roughly in balance this year with a drawdown of world stocks of 141,000 tonnes in the first half of the year.

The report notes that this year China has re-entered the market in a significant manner and become an important factor in the supply-demand equation.

Whether China will remain such a large buyer remains to be seen, it adds, but this possibility has been reflected in a reduction of net imports from the Eastern bloc when compiling the Western world estimates.

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A fall in refined copper prices

GRANTON PORT CLOSURE

Grim cost of fish impasse

By RICHARD MOONEY

THE GRIM cost of the continuing struggle over EEC fisheries policy was brought home forcefully to 150 trawlermen and onshore workers at the Scottish East Coast port of Granton earlier this month.

A decision by William Liston, a Lord Lyon, to cease trading will eventually throw these people on to the dole queue and more significantly it means the death of a once-thriving port.

At its peak just after the last war, Granton port boasted 300 trawlers and gave employment to some 2,000 people. But Liston was the last remnant of the local industry, and despite desperate attempts to keep the port going in the face of ever-diminishing fishing opportunities the company was forced to throw in the towel following the announcement last month of tighter Government controls on south-west coast mackerel fishing.

Most of the workforce has already been paid off and the 25 shore-based employees kept on to assist with the wind-up of the company will be gone by Christmas.

Mr. Harold Liston, the managing director, says he is not doing where the "blame" lies. "The Government has failed in face facts," he said, following the closure announcement. "Unlike other EEC agreements, it has been imposed on us without any consultation or compensation. The UK fishing industry is kept in a state of limbo by short-term difficulties."

Mr. Liston was fully behind the tough negotiating stance adopted by Mr. John Silkin, the UK fisheries minister, in Brussels. He says that the UK should secure its fair share of EEC fish resources.

"But if things go on as they are Britain could find itself without a sufficiently strong fish-

ing fleet to benefit from any even-ting Common Fisheries Policy deal, no matter how advantageous it appears." He said he would be surprised if his company proved to be the only one in such desperate straits.

Liston's problems have been typical of those dogging the UK fishing industry in general. The worldwide switch to 200-mile limits has reduced catching opportunities in distant waters, while EEC membership has prevented British trawlers setting full benefit from the extension of UK limits.

To make matters worse, stock depletion due to serious over-fishing in the past has forced the EEC and the UK to impose stringent controls on catch levels. Fishing for some stocks, such as North Sea and West of Scotland herring, has been banned altogether.

In common with other trawler operators, William Liston has sought to diversify into other alternatives. The company's seven trawlers, whose traditional catches were cod, haddock, whiting and herring, have been sent to catch sprats and sand eel, horse mackerel, blue whiting

and mackerel in an effort to keep the company viable.

For a while this policy worked, though the two large stern trawlers had to subsidise the losses made by the five side trawlers. But luck was not with the company.

An ambitious venture to catch blue whiting in hitherto unexploited species for transhipment to a Russian factory ship went sour when the fish moved north into Faroe waters a month earlier than usual. British vessels were prevented from following the fish because the Faroe authorities refused to grant the necessary licences.

The Faroe decision in this case was seen as a reflection of its embittered attitude to the UK and the EEC because of the difficulties caused by the absence of a fully agreed common fisheries policy.

This episode cost Liston's £250,000. Mr. Liston was particularly bitter about the loss because of the Government's failure to provide any financial backing for the venture. "The fishing industry had been urged to diversify as much blue whiting as possible to establish a history right but when we sought Government aid to underwrite the operation we received the cold shoulder," he complained.

Following this disaster, however, the company still managed to keep going on the basis of mackerel catches by its two stern trawlers, Arctic Challenger and Ruler of the Cornish Coast.

Last straw was placed on the company's back when Mr. Silkin announced new mackerel fishing controls which altered the balance in favour of the local industry and against the larger trawlers.

As a result Liston claimed its

two stern trawlers would, from November 5, have suffered a 57 per cent cutback in catches at which level their earnings would have been insufficient to compensate subsidising the company's other vessels.

With no other choice the company folded. The stern trawlers will now work from another base but the side-trawlers have had to be laid up.

In the statement announcing the closure decision Liston revealed that his vessels had been losing about £12,000 a day in the north east arctic summer season.

"Combined with the severe decline in catches of near and middle water fleet caused by overfishing by our Continental partners and restrictions at Faroe, the company cannot afford to sustain the losses being made," the company said. "We have no option but to stop all vessels which are not operating profitably."

Mr. Liston sees no possibility, moreover, of the port ever being revived. "Once the men, boats and skills will be lost to Granton for ever," he said. He added that it would be a relatively short time before physical decay put the port's facilities beyond repair.

For his former employees he was slightly more hopeful. "The trawlermen should be able to get jobs at Aberdeen," he said. But he admitted that as more and more vessels are laid up or scrapped around the British coast it must become increasingly difficult for displaced fishermen to find new opportunities. The message is clear—if Mr. Silkin is successful in Brussels Britain could well find itself with a generous allocation of fish, but no way of catching them.

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Norway fish talks fail again

By FAY GJETER

NORWAY and the EEC have failed in a second attempt to reach agreement on reciprocal fishing rights next year, after two days of talks here this week.

The meeting followed fruitless negotiations in Brussels last week. A third round of talks will be held — again in Brussels — sometime next week.

A Norwegian Fishing Ministry spokesman conceded that little progress was being made, partly because the two sides could not agree on principles for fixing quotas.

The EEC representatives

seemed to have been taken back at Norway's demand for gradually increasing quotas in North Sea waters, starting next year. Norway, on the other hand, insisted that because it foresees relatively easy negotiations this year, following preliminary talks early in October between EEC fisheries commissioner Finn Gundelach, and the Norwegian Minister of the Sea, Mr. Jens Evensen.

Mr. Gundelach and Mr. Evensen agreed that a new catch should be used in setting catch quotas for the fish population that swims back and forth between zones. This concept,

which would define where each species actually "belongs", would have given Norway a larger share of the North Sea catch and reduced the importance of "historic rights" in justifying claims by EEC fishermen.

Apparently, however, Mr. Gundelach did not fully inform Brussels officials about this new principle, and its likely consequences. The result has been that there is deep disagreement between Norway and the EEC on the division of shared species.

To bring the two sides closer together, it has been agreed that a joint working party will try to clarify the new principle.

OSLO, Nov. 15. A DELEGATION representing British fisheries organisations completed a three-day visit to Danish fishing ports today. The visit was in return for a visit by Danish fishermen to the UK earlier this year.

In addition to exchanging views on North Sea fisheries policy, Danish fishermen endeavoured to convince the UK delegation that systems for controlling bycatches of table fish in the industrial fishery are efficient and that the Danish fishing vessels do not exceed the permitted bycatch quotas.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER	Official	Unofficial	March
Wirebar	755.50	751.50	751.50
Cathode	755.50	751.50	751.50
London	755.50	751.50	751.50
Three months	755.50	751.50	751.50
Six months	755.50	751.50	751.50
Twelve months	755.50	751.50	751.50

LEAD	Official	Unofficial	March
Cash	267.50	267.50	267.50
Three months	267.50	267.50	267.50
Six months	267.50	267.50	267.50
Twelve months	267.50	267.50	267.50

PRICE CHANGES

Price in tonnes unless otherwise stated.

Metals	Nov. 15	Nov. 14
Aluminium	2710	2710
Copper	2710	2710
Lead	267.50	267.50
Nickel	2710	2710
Steel	2710	2710
Zinc	2710	2710

WOOL FUTURES

LONDON — The market was dull and featureless, reports Rache.

Wool	Nov. 15	Nov. 14
Wool	2710	2710
Wool	2710	2710
Wool	2710	2710
Wool	2710	2710
Wool	2710	2710
Wool	2710	2710

U.S. Markets

NEW YORK, Nov. 15.

Corn	Nov. 15	Nov. 14
Corn	2710	2710
Corn	2710	2710
Corn	2710	2710
Corn	2710	2710
Corn	2710	2710
Corn	2710	2710

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COFFEE

Coffee	Nov. 15	Nov. 14
Coffee	2710	2710
Coffee	2710	2710
Coffee	2710	2710
Coffee	2710	2710
Coffee	2710	2710
Coffee	2710	2710

GRAINS

Grains	Nov. 15	Nov. 14
Grains	2710	2710
Grains	2710	2710
Grains	2710	2710
Grains	2710	2710
Grains	2710	2710
Grains	2710	2710

WHEAT

Wheat	Nov. 15	Nov. 14
Wheat	2710	2710
Wheat	2710	2710
Wheat	2710	2710
Wheat	2710	2710
Wheat	2710	2710
Wheat	2710	2710

RUBBER

Rubber	Nov. 15	Nov. 14
Rubber	2710	2710
Rubber	2710	2710
Rubber	2710	2710
Rubber	2710	2710
Rubber	2710	2710
Rubber	2710	2710

MEAT/VEGETABLES

Meat/Vegetables	Nov. 15	Nov. 14
Meat/Vegetables	2710	2710
Meat/Vegetables	2710	2710
Meat/Vegetables	2710	2710
Meat/Vegetables	2710	2710
Meat/Vegetables	2710	2710
Meat/Vegetables	2710	2710

SOYABEAN MEAL

Soyabean Meal	Nov. 15	Nov. 14
Soyabean Meal	2710	2710
Soyabean Meal	2710	2710
Soyabean Meal	2710	2710
Soyabean Meal	2710	2710
Soyabean Meal	2710	2710
Soyabean Meal	2710	2710

SUGAR

Sugar	Nov. 15	Nov. 14
Sugar	2710	2710
Sugar	2710	2710
Sugar	2710	2710
Sugar	2710	2710
Sugar	2710	2710
Sugar	2710	2710

AUSTRALIAN WOOL

Australian Wool	Nov. 15	Nov. 14
Australian Wool	2710	2710
Australian Wool	2710	2710
Australian Wool	2710	2710
Australian Wool	2710	2710
Australian Wool	2710	2710
Australian Wool	2710	2710

WOOL LOSING GROUND

Wool Losing Ground	Nov. 15	Nov. 14
Wool Losing Ground	2710	2710
Wool Losing Ground	2710	2710
Wool Losing Ground	2710	2710
Wool Losing Ground	2710	2710
Wool Losing Ground	2710	2710
Wool Losing Ground	2710	2710

FINANCIAL TIMES

Financial Times	Nov. 15	Nov. 14
Financial Times	2710	2710
Financial Times	2710	2710
Financial Times	2710	2710
Financial Times	2710	2710
Financial Times	2710	2710
Financial Times	2710	2710

REUTERS

Reuters	Nov. 15	Nov. 14
Reuters	2710	2710
Reuters	2710	2710
Reuters	2710	2710
Reuters	2710	2710
Reuters	2710	2710
Reuters	2710	2710

DOW JONES

Dow Jones	Nov. 15	Nov. 14
Dow Jones	2710	2710
Dow Jones	2710	2710
Dow Jones	2710	2710
Dow Jones	2710	2710
Dow Jones	2710	2710
Dow Jones	2710	2710

MOODY'S

Moody's	Nov. 15	Nov. 14
Moody's	2710	2710
Moody's	2710	2710
Moody's	2710	2710
Moody's	2710	2710
Moody's	2710	2710
Moody's	2710	2710

GRIMSHAW

Grimshaw	Nov. 15	Nov. 14
Grimshaw	2710	2710
Grimshaw	2710	2710
Grimshaw	2710	2710
Grimshaw	2710	2710
Grimshaw	2710	2710
Grimshaw	2710	2710

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Fears of recession as OECD talks start

BY ROBERT MAUTHNER

PARIS, Nov. 15.

FEARS OF a world recession next year, as a direct result of President Carter's recent anti-inflation package, will cast a shadow over the two-day meeting of the OECD's high-level Economic Policy Committee, starting here tomorrow.

Most of the forecasts prepared by the OECD Secretariat for the meeting of officials from member countries, will have to be revised as a result of the latest U.S. measures which, it is widely believed, will result in a slower rate of growth in the Western world than was originally predicted.

The concerted recovery programme adopted at the Western Economic Summit in July, while still basically valid in the eyes of the OECD Secretariat, clearly needs to be reviewed in the light of the latest international developments. For the U.S. growth rate, which President Carter said was likely to be about 4 per cent next year, will almost certainly fall well short of this figure.

While U.S. officials are still

talking publicly of a 3 per cent growth rate next year, private forecasting institutes are predicting a year-on-year increase of no more than 2 per cent, with growth declining even more in the second half of next year at an annual rate.

The OECD Secretariat is plainly in a quandary. Having urged the U.S. to concentrate on lowering inflation and bringing its current account into balance, it can hardly complain about the steps taken by the American Administration.

But there are serious doubts that the expansionary measures taken by West Germany and Japan, even if they are fully implemented, will compensate for the depressive effect on the world economy of the U.S. anti-inflationary package.

International officials are not even convinced that President Carter will achieve the goals which he has set himself. They point out that, over the past year, the U.S. balance of payments has benefited from low raw material import prices, a

falling dollar rate and stable oil prices. Commodity prices however, are rising again and an early substantial increase in oil prices is a virtual certainty. While it was originally thought that oil prices might go up by no more than 5 to 7 per cent, this estimate is now considered to be over-optimistic. The experts at OECD headquarters here are working on the assumption that the rise will probably be about 10 to 15 per cent.

Since a 5 per cent rise in oil prices is estimated to cause a deterioration of \$2bn in the U.S. payments balance, it is considered improbable that the U.S. will manage to attain its target of cutting the current account deficit by about half next year, from the \$17bn-\$20bn range, even if growth falls to 2.5 to 3 per cent.

"We are in for a tough time," a high official said. "We can only hope that there is enough momentum in the West German and Japanese economies to prevent too serious a recession next year."

U.S. warning to partners over trade subsidies

BY REGINALD DALE

GENEVA, Nov. 15.

THE U.S. today stepped up the pressure on its main trading partners as the troubled Tokyo round of international trade talks went into its final phase.

Mr. Alan Wolff, U.S. deputy special trade negotiator, warned that the Administration might decide not to present Congress with the outcome of the round—the world's most comprehensive trade negotiation—if other countries did not agree to satisfy new rules on Government subsidies that distort the flow of imports and exports.

Without Congressional ratification, the five-year-long effort to revitalise the rules of world trade, and ward off protectionism in the coming decade, would collapse.

The subsidies issue was "on a knife edge," with no room for manoeuvre on either side, Mr. Wolff said. U.S. officials later confirmed that if other countries would not accept a subsidies agreement, there was "no deal."

The warning came as representatives of the world's leading economic powers began three days of intensive negotiations aimed at putting the round back on course.

Mr. Robert Strauss, the U.S. special trade negotiator, has

made it clear he will be pressing the other main participants—the E.E.C. and Japan—to set the pace in the coming days for a comprehensive package agreement by the end of the year.

The talks received a severe jolt last month when the U.S. Congress failed to extend legislation freeing the Administration of an obligation to impose countervailing duties on subsidised imports. The EEC partly retorted that it would not negotiate under the threat of a trade war.

Now that tempers have cooled, however, Community officials appear to be acknowledging that the Nine over-reacted to the lapse by Congress, which was almost certainly not deliberate. The countervailing duty waiver runs out in early January, before Congress has another chance to renew it.

The U.S. has been making big efforts over the last few days to convince its partners that the difficulty is not insoluble, and Mr. Strauss will doubtless make the point again this week. Nevertheless, Administration lawyers in Washington are still trying to find a less way of coping with the problem.

The Community, following Mr. Strauss's visit to Brussels last week, is far from fully satisfied with Washington's assurances. But the European Commission, which negotiates on behalf of the Nine member states, now seems increasingly inclined to press ahead regardless. Commission officials today said they intended going as far as possible over the next few days, and suggested that final approval of the outcome might be left until January, when the Community can see whether the waiver problem has been solved.

This means that next week's Brussels meeting of the EEC Council of Foreign Ministers could be crucial in deciding the fate of the Tokyo round. Herr Wilhelm Haferkamp, the Commissioner for External Relations, will be reporting on this week's talks and seeking fresh guidance from Ministers. All parties still agree that a package could theoretically be agreed by the end of the year, given the necessary political determination.

The main outstanding problem areas remain subsidies and countervailing duties, agricultural trade, and rules governing the use of safeguard clauses against cheap imports.

Waiver problem

The U.S. has been making big efforts over the last few days to convince its partners that the difficulty is not insoluble, and Mr. Strauss will doubtless make the point again this week. Nevertheless, Administration lawyers in Washington are still trying to find a less way of coping with the problem.

Ford concession in peace talks

BY ALAN PIKE AND ARTHUR SMITH

FORD MANAGEMENT last night offered an important concession in an effort to make its proposed attendance payments plan more palatable to employees who rejected the company's "A-1" pay offer earlier this month.

The company told union leaders when negotiations resumed that workers who failed to arrive on time would lose the attendance allowance—worth up to £4 per week—only if they were guilty of persistent lateness leading to suspension.

Under the original proposals employees who were more than 5 minutes late or late more than once a week, would have lost the bonus.

Ford did not raise its basic pay offer, averaging 9.75 per cent, during yesterday's talks and the negotiations adjourned after eight hours and will resume tomorrow.

During discussions on the attendance plan, which the company sees as an essential way of improving productivity and

efficiency, Ford also offered to relax the conditions under which men who were absent with performance or sick, would lose the bonus. The company remains determined however that workers would not receive attendance payments for any week, during which they were involved in strike action, official or unofficial.

Yesterday's concessions offered by the company on the attendance plan will be welcomed by employees.

The fact that the two sides are meeting again tomorrow, give some cause for hope that the two-month long Ford strike may now be coming closer to a solution. However, shop stewards on the negotiating committee are unlikely to see the changes in the attendance plan as sufficient reason to recommend acceptance of the company's 17 per cent total tomorrow.

The combined effects of the Ford strike and BL's troubles in Birmingham are now leading to layoffs in component suppliers.

Lucas Electrical announced yesterday that five of its 14 factories in the Midlands were forced to go on short-time from the middle of next week. The company said that the move, which will be affected by the move which said the company had been "delayed until the last possible moment."

GKN Sankey has told trade union leaders that 300 redundancies will be necessary at factories in the Midlands, partly due to the Ford strike and partly to the recession in the world tractor market. Guest Keen and Nettlefold also warned that continuation of the stoppage at BL's Dursley Lane component plant could lead to short-time working and lay-offs.

The number of workers made idle by the strike at BL Cars components plant was approaching 30,000 last night. Shop stewards at Dursley Lane meet today to prepare a report for a mass meeting of the 3,500 strikers likely to be held in the next few days.

Government to put £52m into Belfast car plant

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE Government is to provide £52m towards the setting-up of the De Lorean sports car project in West Belfast, and Group Lotus, the British specialist car concern, is to help with design and engineering.

The Government will receive a payment for every car produced—£188 for each of the first 50,000 and £45 a car from then on.

If De Lorean Motor achieves its forecast production rates of 20,000 in the first year and 30,000 a year subsequently, the Exchequer will get its money back in 30 years.

The scale of the Government's contribution is much larger than first mooted when the controversial scheme, the brainchild of former General Motors executive Mr. John Z. De Lorean, was first announced in August.

It works out at £28.47 for each of the 2,000 jobs to be created by the project in one of the UK's worst unemployment blackspots.

De Lorean Motor is expected to provide about £20m as its share of the project cost.

Full details will be announced today of a link with Group Lotus for completion of the design and engineering of De Lorean's DMC-12 sports car, which is aimed mainly at the American market.

It is understood that work on prototypes has begun at the Lotus plant and that a joint Lotus-De Lorean engineering team is to be established. This

should speed the process of bringing the new car to the market.

Mr. De Lorean, who had a meeting with Mr. Roy Mason, the Northern Ireland Secretary, in New York on Tuesday, said last night that De Lorean Motor had agreed to use its "best efforts" to replace the British Government's £17.757m of equity capital with U.S. financing after a time.

He had hoped to file necessary documents with the U.S. Securities and Exchange Commission this week, but this might be delayed because some suppliers had not yet provided all the information needed and some "technical work" still had to be done.

Mr. Don Concannon, Minister of State for Northern Ireland, gave details of the Government investment to the Commons yesterday.

The Northern Ireland Development Agency was committed to an equity investment of £17.757m. Grants of £18.718m would be given by the Northern Ireland Department of Commerce towards the cost of factory construction and plant, machinery and equipment, and £9.75m in employment grants in respect of the first 50,000 employees, and loans of £5.718m towards the cost of factory construction (secured by a first charge on the factory premises).

No rent will be charged for the first three years on the existing factory which is being leased from the Department.

Farm support freeze urged by Gundelach

BY MARGARET VAN HATTEM

BRUSSELS, Nov. 15.

MR. FINN OLAV GUNDELACH, the EEC Agriculture Commissioner, is pressing for an across-the-board freeze on farm support prices in next year's farm price review.

Broad proposals for a general freeze, supplemented by measures to bring milk supply back into line with demand and to give direct financial aid to the hardest-hit farmers, are almost complete.

They will go before the EEC Commission on November 28 when they are not expected to meet strong opposition, and to the EEC Heads of State meeting in Brussels on December 4 and 5.

A more detailed set of proposals is expected to go before agriculture ministers meeting here on December 11 and 12.

In initial discussions on prices last week, the EEC Commission came out in favour of a very tight price policy, continuing the trend of the past two years.

It is suggested that although a price freeze would be the first since 1971, it would meet strong protests from the farm lobby, the case for price rises is particularly acute this year.

Dairy products and sugar are still heavily in surplus and the so-called "objective" method of using each year to calculate the farm price rises needed to offset mounting costs indicates a marginal rise for next year, compared with a rise of more than 10 per cent in 1979.

The Commission and farmers' organisations are said to agree on this point.

Although Mr. Gundelach has not publicly stated his intentions, he gave some indication of his thinking at a private meeting in Brussels last Friday with COPA, the organisation representing EEC farmers' associations.

Mr. Gundelach is said to have told COPA that the endemic EEC problem of high food surpluses had been aggravated by this year's record harvests, reinforcing the need for a tight price policy.

He hinted that the wide regional disparities in farm incomes might be attacked through a form of incomes policy, with direct aids for the less-privileged farmers.

On the question of "green currencies"—the exchange rates used to convert support prices from units of account into national currencies—Mr. Gundelach is believed to be reserving his judgment until it is clear how many countries plan to join the proposed European monetary system (EMS), and when.

The wide disparities in green rates allow weak-currency countries to devalue their green rates, and hence raise prices.

In the unlikely event of all EEC members joining the EMS, a radical attack on green currencies would be possible. Otherwise, a minor green rate devaluation may be possible.

Britain attacks butter sale to Russia, Page 39

Continued from Page 1

Healey: No more talks

any fresh proposals for a new anti-inflation policy to fill the vacuum left by the trade unions' rejection on Tuesday of the Government's plan to limit the rate of pay rises to 5 per cent.

The confederation also produced a five-point list of demands:

- 1—The Government should say where it stands on its pay White Paper and should "show firmness" in public sector pay negotiations.
- 2—The Government should stick firmly to its money supply targets and "rein back" public spending plans, while urging moderation in pay settlements.
- 3—It should agree in talks that it will take place soon with the confederation to at least allow arbitration on the implementation of public sector business contract pay clauses.
- 4—It should also spell out how it intends to interpret the impact of pay rises on prices when deciding whether to operate the clauses and other sanctions.
- 5—It should start immediate talks with both sides of industry on the long-term reform of pay bargaining, including the creation of a national economic forum to stimulate public debate and understanding about pay issues.

In spite of expressing concern about the "damage" that Tuesday's union rejection would cause, the confederation was still pleased that there was to be no joint statement.

"We believe that the talks on the joint statement should not be renewed," said Sir John McEwen, the director-general.

"Parts of the statement are wholly unacceptable to employers and parts of it are seriously ambiguous. Taken as a whole, it could be seen as a weakening of the Government's determination to pursue its counter-inflation policy."

THE LEX COLUMN

Prescribing a cash cure at Beecham

Although the credibility of the new Treasury economic forecasts, suffers from the political need to assume 7 per cent earnings growth, the clear picture emerges of an obstinately high borrowing requirement. At £50n, however, the 1978-79 PSBR estimate is £5.5n lower than the Red Book version last April, and there have been more pessimistic estimates in the City than the Treasury's £8.5bn for 1978-80.

Beecham Group

Beecham does not often ask its shareholders for money (the last time was 23 years ago) so there must be good reasons for the surprise one-for-ten rights issue at 500p announced yesterday.

All the same, there were one or two unkind remarks around the City yesterday for a group which has passed up what, in terms of market conditions, were better opportunities for a rights issue in the past couple of years (refusing, for instance, to use this as a way round dividend controls). Instead, Beecham has chosen a time to suit itself—even though its shares have been under something of a cloud because of difficulties over Amoxycillin patents and prices in the U.S. But in fact the institutions were happy enough to sub-underwrite the issue. They pocketed around £1m, which Beecham could have saved if it had chosen non-underwritten terms of one-for-five at 250p.

Index fell 11.9 to 475.6



Why does a group which showed net liquid resources of £84m in its last balance sheet need cash? Beecham explains that the existing cash is all overseas, whereas its biggest commitments are now in the UK. Against UK trading profits of £26m last year, it is paying out around £50m in dividends, and its UK fixed investment plans average £35m annually for the next three years. It also recently paid £14m for a UK acquisition, Scott and Bowne. Apparently Beecham does not want to repatriate funds unless there is no alternative. A secondary reason for expanding the equity base is that on some of the more rigorous formulae the group's gearing can be made to look moderately high—funded debt, for instance, is 39 per cent of capital employed net of goodwill—and the U.S. bond market could now be a little easier to tap.

Woolworth

As so often before, Woolworth's results are slightly disappointing: third quarter pre-tax profits rose only 3.5 per cent to £10.45m. Despite some volume gains gross margins are under pressure as supermarkets, the moving away from food, increasingly impinge on some of the group's traditional consumer goods business. It is encouraging, though, that the company is at last planning to raise capital spending—by 50 per cent next year to £27m.

Even if Woolworth again does well in the vital Christmas quarter and shows pre-tax profits of £24.55m for the year, subsequent progress may be very slow. The chief attraction of the shares remains the yield, a historic 9.2 per cent at 67p.

Chloride

Chloride's interim pre-tax profits have jumped from £7.2m to £12.1m. However, £5m of the improvement reflects the absence of last year's strikes and—near to the low for the year, compared with the outcome of years ago, when the company earned £10.8m, the performance does not look too impressive. In the intervening period, for example, sales have risen three times as fast as profits.

Weather

UK TODAY

MAINLY dry with rain or drizzle later.

London, E. Anglia, E. S., central N. England, Channel Islands, Midlands

Dry, becoming cloudy, rain later. Max. 10C (50F).

W. England, Wales

Cloudy, rain later. Max. 11C (52F).

Lakes, Isle of Man, W. Scotland, N. Ireland

Cloudy, some rain. Max. 9C (48F).

N.E. England, Borders, Central Scotland

Dry, cloudy, rain later. Max. 8C (46F).

N.W. Scotland, Orkney, Shetland

Showers. Max. 6C (43F).

OUTLOOK: Cloudy and mild.

Long-range forecast: Contrasting spells of cold and mild and dry and wet weather, with one or two stormy periods. Temperatures near average. Rainfall average in central and S. England and S. Wales.

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Bonn expects only UK to say 'no'

Continued from Page 1

was an Italian he would not go for wider margins at all, but that does not meet Italy's particular difficulties. A formula has to be found to ensure that Italy does not appear to be a second-class participant in the system but rather a member, with full rights and duties, that has temporarily taken advantage of the technical possibility specifically built into the system.

Ireland, the other conceivable non-participant, has made clear to the West Germans that it does not want wider margins, but it does need funds to develop its economy. Bonn has promised active support for subsidising the interest rates of loans from the European Investment Bank and perhaps from other Community facilities.

If that Community course became more blocked, Bonn would also support provision of funds specifically for Ireland (and Italy) from the resources of countries participating in

the system. Ireland wants £600m over five years—more, if Britain stays out of the system. The current view is that Ireland will receive enough of what it says it needs to persuade it to become a member.

West Germany is also well aware that more resources might be devoted to the Community's regional and social funds if a more restrained attitude were taken in the annual agricultural price-fixing—which would help to cut surplus production and hence the cost of storage and disposal.

The question is whether such a step can be decided by the European Council in less than three weeks' time. That is unlikely. But moves towards that are seen as desirable and will become essential as the Community approaches enlargement to the south.

Bonn sees other technical matters involving operation of the system as approaching resolution in a way satisfactory to itself and

just as important, to the Bundesbank. That goes, above all, for central bank intervention. The West Germans have firmly opposed any formula that might have forced the Bundesbank to intervene alone in the system, forcing up domestic money supply and inflation.

A formula has been agreed with the French and it is expected, will be approved by other system members, to ensure that such unilateral intervention will not be compulsory.

It cannot be maintained that all French and West German officials have seen eye to eye all the way. The technical details. But the shape of what is now emerging appears to coincide with the original vision of the system's instigators—Herr Schmidt and President Valéry Giscard d'Estaing of France.

Peter Kiddle, writes: Mr. Denis Healey, the Chancellor, had talks with Herr Manfred

Lahnstein, the State Secretary of the West German Finance Ministry, about the European monetary proposals.

It is the first senior-level Anglo-German meeting since the heads of Government summit in Bonn at the end of last month, and thus the first discussion since it became clear that the UK was unlikely to join the scheme as at present constituted.

Yesterday's meeting had no specific agenda but the talks were expected to cover the remaining differences, the size of the credit facilities and the Community budget and the regional and social funds.

There has recently been an intensive series of bilateral meetings aimed at ensuring that the remaining detailed differences on the monetary scheme can be solved at next Monday's meeting of finance ministers in Brussels.

Spécialisé